

President may return to White House next week

President Reagan was up and walking in his hospital room yesterday and his doctors said he might return to the White House next week. Mr James Brady, his Press Secretary, was still critical but improving. Investigators said the gunman may have tried to kill the President to attract the attention of Jodie Foster, the film star.

Up and walking in hospital room

From Patrick Brogan
Washington, April 1

President Reagan's doctors reported this morning that his condition "continued to improve as well as can be expected". They said the President was moved from the intensive care unit to a surgical ward on Tuesday evening. The morning bulletin went on to say that Mr Reagan was experiencing some pain and fatigue, that he slept well, and was up and walking in the morning.

A member of his staff said the President might return to the White House next week. Reuter reports from Washington.

The Government of the United States is now functioning as normally as possible. Mr George Bush, the Vice-President, has taken over the ceremonial duties of the President's office, making frequent public appearances in Washington, presiding over meetings of officials and conferring with Congressional leaders. Everyone's intention is to demonstrate that business continues as usual, and to reassure the public and the watching world that the President will soon be back in complete control. He is being informed of all developments and will take whatever essential decisions present themselves.

Mr Reagan continues to show great grace under strain. He makes jokes all the time, devotes himself to quieting other people's fears and demonstrates also, because of his extraordinary physical resilience, that his wound will have no lasting effect upon him. Senator Howard Baker, majority leader, thinks that the episode will increase the President's popularity, which was waning because of his budget cuts. On the other hand, the Senator does not believe that sympathy for his narrow escape will help Mr Reagan's legislative programme through Congress.

In the long term, the President is likely to be even more popular, he said. "That is a result of his humour and the way he handles himself. But I do not think it is likely to have any legislative impact." The President's closest friend in the Senate, put it succinctly: "Sympathy is a short-term commodity on Capitol Hill."

Mr Reagan's staff insist that the drive to get the budget through will be even more strenuous. One of them said: "We will have to sell the product now, not the man." Since Mr Reagan is by far the most persuasive member of the Government when it comes to winning support for the new economic policies, he intended to spend a great deal of time

on the road in the coming weeks.

He was to have addressed sessions of three state legislatures, starting with Illinois today, and these events have been cancelled. For the moment, he is thought better that he be seen to replace the President in these ceremonial functions, to keep the flag flying in the most conspicuous place, the capital.

There will therefore be something of an hiatus to the President's legislative programme.

Mr James Brady, the President's Press Secretary, who was hit in the head, is still in critical condition. This morning's bulletin states that his condition continues to improve, that he is able to speak, that he can move his left arm and leg and may be able to sit up in bed in a few days.

The bulletin goes on: "Physicians continue to be cautiously optimistic as Mr Brady's neurological condition continues to improve."

The other two men wounded, a Secret Service man and a Washington policeman, are both out of danger and their condition is improving.

The question of Mr Alexander Haig's behaviour on Monday afternoon continues to trouble many. White House officials are making a concerted public effort to demonstrate that the Secretary of State behaved perfectly properly and retaining their full confidence. Off the record, some other officials are more critical.

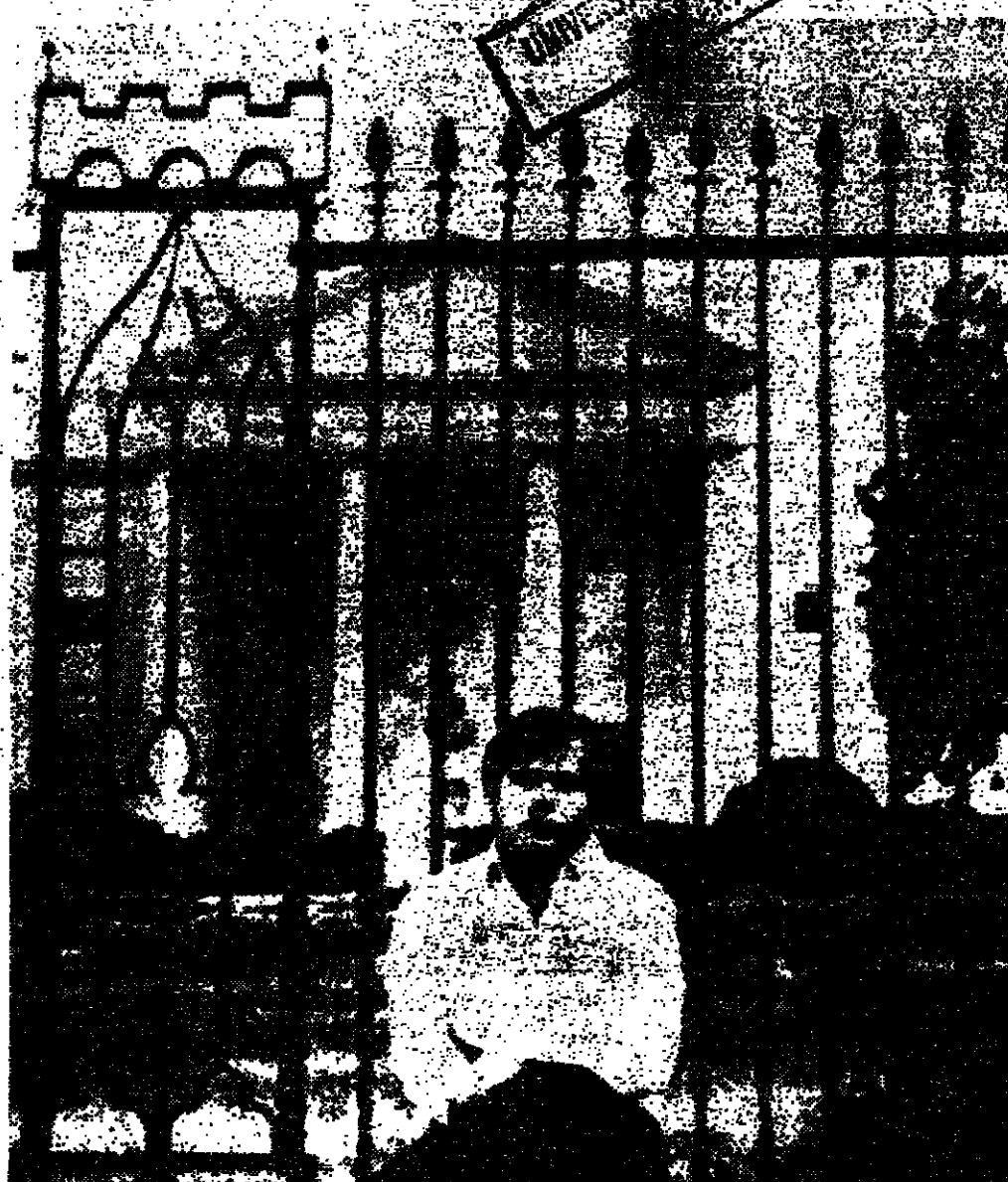
When he heard that the President had been shot, Mr Haig rushed to the White House and "took charge" in the Situation room, where he directed the staff in the alert, Mr Haig went up to the President's room and delivered a speech there.

The letter was not mailed, but Miss Foster is said to have received a number of earlier letters from Mr Hinckley.

The actress, who is now staying at Yale University, issued a statement last night saying that she had "never met, spoken to, or associated with" the accused man.

According to some federal law enforcement sources, one of the letters she received from Mr Hinckley allegedly told of plans to kill the President.

Brady profile, page 7



John Hinckley outside the White House. The American news agency UPI said it could give no information about how it obtained the photograph and would not say why.

Obsession for actress may have been motive for shooting

From David Cross
Washington, April 1

John Hinckley, the 25-year-old drifter from a well-off family who shot at President Reagan, was today undergoing psychiatric tests at an isolated Marine Corps base 30 miles south of Washington.

Law enforcement officials believe that they may already have found the motive for his alleged attempt on the President's life; but they are trying not to jump to any wrong conclusions.

According to the officials, Mr Hinckley, who is described by his investigators as an extremely troubled man, has a fixation for a young film star and may have tried to kill the President to attract her attention.

A two-page letter written by Mr Hinckley and found in his hotel room in Washington after the shooting states that the author will prove his love for Miss Jodie Foster, the 18-year-old star of the film *Taxi Driver* through an "historic act".

According to today's Washington Post the letter concluded: "It's 12:30 now, one hour before I go to the Hilton".

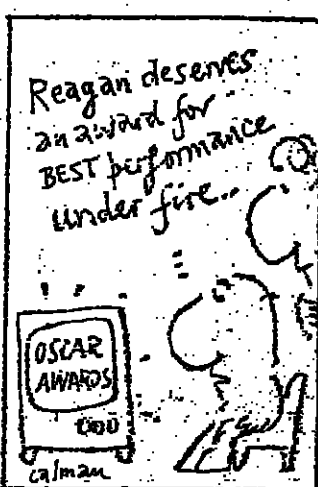
The shots were fired at President Reagan when he emerged from the Washington Hilton hotel at 2:30 pm on Monday after he had delivered a speech there.

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Brady profile, page 7



It has not escaped the attention of law enforcement officers here that in the 1975 film *Taxi Driver* Miss Foster played a young runaway who ended up as a prostitute in New York and befriended a lonely, mentally unstable taxi driver played by Mr Robert De Niro.

For much of the film, the taxi driver stalked a political candidate and was preparing to kill him before being scared off by a security agent.

When law enforcement officials visited the hotel, they were reported to have found in addition to the letter addressed to Miss Foster, a receipt for the purchase of a 38 calibre handgun and a newspaper clipping listing Mr Reagan's schedule for Monday.

Today's psychiatric tests on Mr Hinckley were ordered by a magistrate yesterday to determine his mental competence. He is due to appear in a federal court in Washington tomorrow to be formally arraigned on charges of attempting to kill the President and assault on a federal official (the injured secret service agent). A report of his mental condition is expected to be read to the court tomorrow.

The parents of the accused man are wealthy and successful. Both are reported to be devastated by what has happened.

The deep concern of his father was illustrated today by his decision to step down temporarily from the running of the oil company of which he was the founder.

A spokesman for Vanderbilt Energy Corporation of Denver, Colorado, said that an acting chairman had been appointed to run the company for between six and 12 months while Mr John Hinckley Senior "figures his personal family problems".

The father of the accused man is said to be deeply religious with strong ties to the Episcopal church.

Actress shocked: Actress Jodie Foster said today she was shocked and frightened when she was shot at by the gunman who shot President Reagan.

She declined to say anything about the contents, except that they did not refer to the President, and were not of a threatening nature. She said they seemed more like love letters.

The well-known Yale freshman said she had received a number of letters, some signed either JWH or John Hinckley last autumn and again last month. She said she threw the earlier ones away.

Looking calm and composed, Miss Foster said she did not want to establish any link between the shooting and the film *Taxi Driver*.

300,000 civil servants in lightning strikes

By Paul Routledge
Labour Editor

Union leaders of more than a quarter of a million civil servants who walked out on brief protest strikes last night promised to "fight as long as it takes" to force the Government to change its pay restraint policy in the public sector.

Lightning stoppages affected most parts of the country as civil servants asserted their right to strike. The Government on the day that their new salary settlement was due to take effect, and the campaign of selective, indefinite strikes was intensified.

Key communications technicians at a top secret station in the Government's composite signals organisation in Somerset are being called out from 10 pm tomorrow after 48 hours' control. In Manchester, the Government's secret communications centre in the Midlands, "Further communications stations will be brought out as part of a continuing protest by the Council of Civil Service Unions."

Thirty Customs and Excise officers in the bedding duty control unit in Manchester yesterday joined the selective strikes. Their action is likely to affect the weekly collection of 14m bedding duty, a figure that will increase now the flat central levy is introduced.

The unions said they had no further bedding duty forms would be issued to bookmakers for the recording of betting duty.

At the same time, a protest in Rochester, Kent, Whitehall, union officials estimated that nearly 300,000 government employees had walked out on the anniversary date of their pay agreement. In protest, the Government has offered a pay offer and the suspension of the pay research system of salary determination.

The walkout came in places as far apart as Farnham and Dorset. There was a "peace-keeping" rule by security officers at the government communications headquarters at Cheltenham and 500 Department of Environment civil servants in Belfast walked out on a government minister arrived on a visit.

At Heathrow airport, London, customs staff stopped work for an hour after the suspension of 49 Inland Revenue officers in a north London office, and 65 staff at the Inland Revenue office in Edinburgh came out on strike.

At a rally in Temple Gardens, Birmingham, 3,000 civil servants on strike in the capital, Mr Alan Williams, MP, shadow minister for the Civil Service, said that the Prime Minister "desperately needed a victory over the civil servants" after his recent panic-stricken capitulation to the miners.

There were other rallies in Norwich, Birmingham, Durham and Liverpool.

In Newcastle-upon-Tyne most of the staff at the Department of Health and Social Security national insurance office walked out and there was a near-total stoppage at the vehicle licensing centre in Swansea.

Strikers' claim, page 2
NEDC boycott, page 2

Iran drops Pyke spying charges

The Iranian Government has told Britain that it has dropped spying charges against Mr Andrew Pyke, the British businessman held in Tehran for several months.

Mr Pyke, who was charged with spying, was released on the condition that he would not establish any link between the shooting and the film *Taxi Driver*.

By last evening Thailand's April Fool's Day joke was rapidly becoming a joke. Less than 24 hours after seizing power from General Prem Tinsulanonda's coalition the Revolutionary Council still held few of the cards that mattered.

With King Bhumibol Adulyadej and Queen Sirikit under General Prem's protection at an Army headquarters in the north-east of the country, the vital blessing of the monarch for a new government was denied to the coup leader, General Sanit Chitpradit.

The Royal Family had defied the capital to avoid endorsing the coup.

General Prem, holding on to the title of Prime Minister, still claimed the military support of the Army, the Air Force and the Navy. A broadcast on a Korat television station he told the coup leaders that if

West puts together money and food aid deal for Poland

By Our Foreign Staff

A huge injection of aid for Poland, both food and financial, was assembled in Western capitals yesterday.

In London senior banking sources indicated that agreement on reorganising payment of Poland's debts to Western banks and governments, and on the provision of new loans, could be reached by the end of this month - well ahead of the early summer target.

After two days of talks between a group of Western banks and Polish officials, an American banker said: "I feel very positive about this. There will be an agreement."

Poland has requested the banks of its determination to pay off the \$24,000m (£10,762m) it owes the West, \$7,500m of which is due for repayment this year.

Mr Jay Woloszyn, deputy chairman of Poland's foreign trade, bank, Handlowy, said: "We have been committed since we contracted these loans. We will certainly repay them."

Both sides meet again in London soon. It is understood that Poland has not changed its request for the \$3,100m repayment due this year to be rescheduled and for \$1,000m to be provided as a bridging loan.

Agreement with the banks will parallel agreement between the Western and Polish governments on the \$4,000m due in repayments of official loans and export credits.

The governments are to meet in Paris on April 6 - which is when the bankers conclude their discussions. France and Germany have already made it clear that they are prepared to accept the plan.

At the heart of all these negotiations is the plan for stability the Poles have put to the West, an important aspect of which is that Poland does not appear to be relying on foreign assistance.

Last year the Russians made loans of about \$1,000m to Poland, although they were partly to help with other debts incurred by the country.

Further assistance is not expected in the near future.

As for the \$1,000m bridging loan from the West, Poland is bereft of foreign exchange and needs some temporary help in repaying debts, over \$1.5 billion, scheduled before its economy

recovers sufficiently for exports to resume.

The strengthening of the dollar is working in Poland's favour. About 40 per cent of the country's foreign debt is denominated in dollars. As the dollar rises against the currencies in which the remainder is denominated, payment from dollar earnings becomes easier.

In Brussels a supply of 547,000 tonnes of foodstuffs to Poland as a specially reduced price was proposed by the European Commission. Approval from the Community's Foreign Ministers is expected later this month.

It is estimated that the food would cost about £120m. It bought on the world market at current prices the European Commission would give a 15 per cent discount and there will be loans from the EEC to cover the rest of the cost.

The food consists of 200,000 tonnes of wheat, 25,000 tonnes of barley, 25,000 tonnes of rye, 30,000 tonnes of butter, 5,000 tonnes of cheese, 30,000 tonnes of milk powder, 30,000 tonnes of sugar, 20,000 tonnes of rapeseed. The French Cabinet decided yesterday to export 14,500 tonnes of wheat to Poland as a short notice.

Mr Guy de Broglie, spokesman said: "We would increase our bilateral aid to Poland and would rapidly assist together its food and economic situation."

West Germany's assistance to Poland by giving its food aid, Poland is giving its food aid, Poland is giving its food aid, Poland is giving its food aid.

There seemed to be a far selection and quantity. Some of which had not been seen by the Poles for months. The rationing was introduced at the insistence of Solidarity.

The queues for hours, the panic buying, hoarding and speculation which had disrupted the country's retail meat trade in recent months were markedly absent in Warsaw. Reuter.

Solidarity clashes, page 7
Leading article, page 15

Tory revolt on phone tap powers is tamed

By Hugh Nix

Parliamentary Correspondent Westminster

The threatened revolt by more than 40 Conservative MPs over the Government's proposal to extend the powers of interception of communications was tamed by a compromise proposal to be controlled by statute rather than by guidelines, collapsed last night.

Mr William Whitelaw, the Home Secretary, after seeing members of the 100-person central committee, the Committee on the Report of the British Telecom Commission at the report stage of the Bill, urging that the various amendments and new clauses proposed by the Opposition be accepted, said that the Home Secretary had issued only 463 amendments for tabling in the past year, that amounted to 463 amendments for tabling in the past year, that amounted to 463 amendments for tabling in the past year.

continued on page 2, col 2

'No tax cuts' unless spending is curbed

Unless public spending is reduced, there is little prospect of any tax cuts before the next general election the London Business School predicts. In a paper, the Commons Treasury Select Committee, the school forecasts that public borrowing in the coming financial year will be £12,500m, £2,000m more than the Budget target. This will dash ministerial hopes of giving away £2,000m in tax cuts.

Farm price pact near

Agriculture ministers appeared to be nearing agreement on an increase of about 10 per cent - the highest recently in support prices paid to the EEC's eight million farmers. Protesting farmers besieged the entrance of the building in which the ministers met.

Sex shops under fire

Moves initiated by local council and community leaders to control the spread of sex shops in Soho, London, received the support of the Home Secretary. It is intended to introduce legislation this year. Available penalties would also be increased sharply.

Liverpool's trophy

Liverpool won the Football League Cup for the first time in the replay of the final at Villa Park with a 2-1 win against West Ham. Liverpool replied to a Goddard goal with one from Dalglish and a goal deflected off Bonds.

England draw Test

An unbeaten 104 by Boycott and 83 by Toth enabled England to draw the fourth test match against West Indies. England, who were 197 runs behind on the first innings, were 234 for three at close of play.

Robert Redford film wins four Oscars

Robert De Niro and Sissy Spacek won the Hollywood Oscars for best actor and actress for their roles in *Raging Bull* and *Coal Miner's Daughter*. Four awards went to one film, *Ordinary People*, including one for Redford, who directed the film. President Reagan watched the coverage on television in hospital.

MPs attack Moonies

Almost 100 MPs of all parties called on the Government to end the charitable status of the Unification Church, whose members are known as Moonies. A High Court judge recommended on Tuesday that the tax-free status should be reviewed because the church was "a political organisation".

Boundary 'upheaval'

MPs of both main parties have protested about the "upheaval" of proposed constituency boundary changes for the West Midlands. Traditional Labour constituency names in Birmingham such as Handsworth, Ladywood, Selly Oak and Sparkhill, the latter the seat of Mr Roy Hattersley, shadow Home Secretary, would disappear.

Labour policy: Backbenchers rejected by large majority a proposal that they should be bound by manifesto commitments and conference decisions.

Party switch: London University professor has become the first leading Liberal to transfer his allegiance to the Social Democrats.

South Lebanon: Major Huddad gives UN force an ultimatum.

Classified advertisements: Personal, pages 26, 28; La crème de la crème, 26; Recruitment opportunities, 25.

Papal infallibility 'not absolute barrier'

A leading Roman Catholic expert in ecumenical relations said that disagreement on the issue of papal infallibility may not be a barrier to reunion with the Church of England. Mrs Alan Clark, Bishop of East Anglia, said that sufficient agreement for reconciliation already existed; the outstanding differences were of secondary importance.

Leader, page 15
Letters: On episcopal appointments, from Canon Paul Oestreicher, and others; economy, from Professor R. C. Stapleton, and Mr Peter Bottomley, MP; Beverley Minister, from Mr D. P. Crease.

Leading articles: Continuing in the Middle East; Polish debts; Moonies; Features, pages 9, 14; Anthony Lewis on the psychology of the lonely assassin; Bernard Levin on men and the computer; The Times Cook.

Arts, page 11
John Fervill interviews Sir Robert Helpmann, whose ballet *Hamlet* is revived at Covent Garden tonight.

Sport, pages 12, 13
Motor racing: John Rhodes on what made Sterling Moss come back; Golf: John Hanley previews the Greater Greensboro Open; Rugby League: Carlisle's application accepted; Football: Preview of United States season.

Obituary, page 16
Dr Kenneth Borgia, Professor Lily Newton, Mr Douglas Lowe.

Books, page 17
Reviews of *Testis* and *The Andromeda Strain*; *Policy* between the two *World Wars*; *Business News*, pages 18-24.

Stock markets: Equities advanced on the back of the Chancellor's recent remarks on economic recovery. Gilt moved slightly ahead. The FT Index closed 17 up at 529.3.

Financial Editor: Robson's choice for the bank.

Business features: David Hewson looks at the problems encountered by West Indian and Asian businessmen in the East End of London; David Blake on monetary policy; East Davies's Business Diary.



Rivals for power: General Prem, the Prime Minister (left), and the leader of the coup against him, General Sanit.

Thai general's coup falters as King quits Bangkok

From David Warr
Bangkok, April 1

By last evening Thailand's April Fool's Day joke was rapidly becoming a joke. Less than 24 hours after seizing power from General Prem Tinsulanonda's coalition the Revolutionary Council still held few of the cards that mattered.

With King Bhumibol Adulyadej and Queen Sirikit under General Prem's protection at an Army headquarters in the north-east of the country, the vital blessing of the monarch for a new government was denied to the coup leader, General Sanit Chitpradit.

The Royal Family had defied the capital to avoid endorsing the coup.

General Prem, holding on to the title of Prime Minister, still claimed the military support of the Army, the Air Force and the Navy. A broadcast on a Korat television station he told the coup leaders that if

they surrendered promptly, "I'll not punish you."

General Sanit, previously deputy chief-of-staff of the Army, had one key possession of the country's principal rival in Bangkok. That apart, he had little with which to combat any attempt by General Prem to regain control in the capital having limited numbers of troops at his disposal.

Bangkok awoke this morning to find itself under the control of a Revolutionary Council. Few were surprised at the coup.

It was merely a question of when the move would be made. In the event, though, the coup was nominally led by General Sanit, an old classmate of General Prem's at military college and, until now, a close friend.

How coup was staged, page 7

Fast asleep



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مكاشف الكحل

Leading Liberal joins SDP after energy policy disagreement

By George Clark
Political Correspondent

Professor Ian Roxburgh, aged 41, professor of applied mathematics at Queen Mary College, University of London, who was a Liberal candidate at the 1970 general election, announced yesterday that he has joined the Social Democrats. He is the first leading Liberal to switch his allegiance to the new party.

He was senior adviser to the Liberal Party on energy policy and, until he resigned the post at the end of the last Liberal assembly, was chairman of the party's energy panel.

His main reason for resigning is a disagreement with the party on energy policy, but he was also disillusioned about the way the party adopted new policies without thinking through the consequences.

The long resolution on energy carried by the last assembly against his advice included a call to stop production of nuclear power.

Professor Roxburgh argued that the development of alternative energy sources and a modest nuclear programme was the only sensible way of overcoming the energy crisis that the United Kingdom will face in the coming years.

He said yesterday that he found it distasteful to be labelled by some Liberals as a "pro-nuke". "I am not at all arguing that use of nuclear energy is the only way to solve the country's energy problems, but I do claim that we cannot afford to throw away any possible contribution to our energy sources," he said.

There was growing pressure in the Liberal Party to adopt "simple-minded solutions" to complex difficulties without taking proper account of the consequences. Two examples of that were the energy policy and the resolution on free public transport.

"My hope and belief is that the founding members of the SDP and other people I know who have joined it will be much more careful in their analysis of the consequences of particular proposals."

On the new party's general prospects, he said: "It provides a real opportunity for breaking down the extremes of the out-dated two-party dominance of British politics. Professor Roxburgh lives in the Wandsworth and Woodstock constituency, which he contested for the Liberals at the 1970 general election. The seat was held for the Conservatives by Mr Patrick Jenkin, Secretary of State for Social Services, who had 20,065 votes in 1970, against the Labour candidate's 8,522 votes and Professor Roxburgh's 4,224.

Commenting on Professor Roxburgh's decision, a Liberal Party spokesman said: "The SDP policy on nuclear energy is not known yet but there are indications that it may develop along the lines already adopted by Liberal MPs."

"While the United Kingdom is in the fortunate position of being an oil-rich country, there should be a 10-year moratorium on nuclear power expansion while detailed research is undertaken into alternative energy sources."

On Tuesday a High Court judge recommended that the cult's tax-free status should be investigated on the ground "that it is a political organization".

The jury found that a Daily Mail article which claimed that the Moonies broke up families and tarried-washed converts was not libellous.

The MPs tabled a motion deploring the activities "of this so-called church". The motion's principal sponsor is Mr David Mellor, Conservative MP for Wandsworth, Putney.

The Moonies, who derive their name from Sun Myung Moon, the South Korean-born founder, could face investigations from three flanks.

The Charity Commissioners have a statutory duty to investigate any allegations made to them about registered charities.

The Inland Revenue considers the way a charity spends its funds when it applies each year for its tax exemptions. The third interested party is the Department of Health and Social Security.

Yesterday the department said: "We are keeping a watch on the actions of this body and would certainly want to look very carefully at the evidence which came out of the trial. The Moonies, whose British headquarters are in Lancaster Gate, Bayswater, would lose about half of their income if they were denied their tax-free status as the result of any decision by the Inland Revenue that they are not using their funds for charitable purposes."

If, as a result of any investigation by the Charity Commissioners, the trustees of the church's charities, including Mr Dennis Orme, leader of the

Unification Church in Britain, who brought the action against the Daily Mail, were found to have indulged in political activities, they would be in breach of trust.

Mr Orme and other trustees could then be called on at law to return to the charities any of their funds spent outside their purposes.

The Unification Church is a collective title covering a variety of associations, companies and magazines involved with the Moonies. They include Holy Oak Hill Farm Community, Kensington Arts Society, International Brass Band and God's Light Infantry.

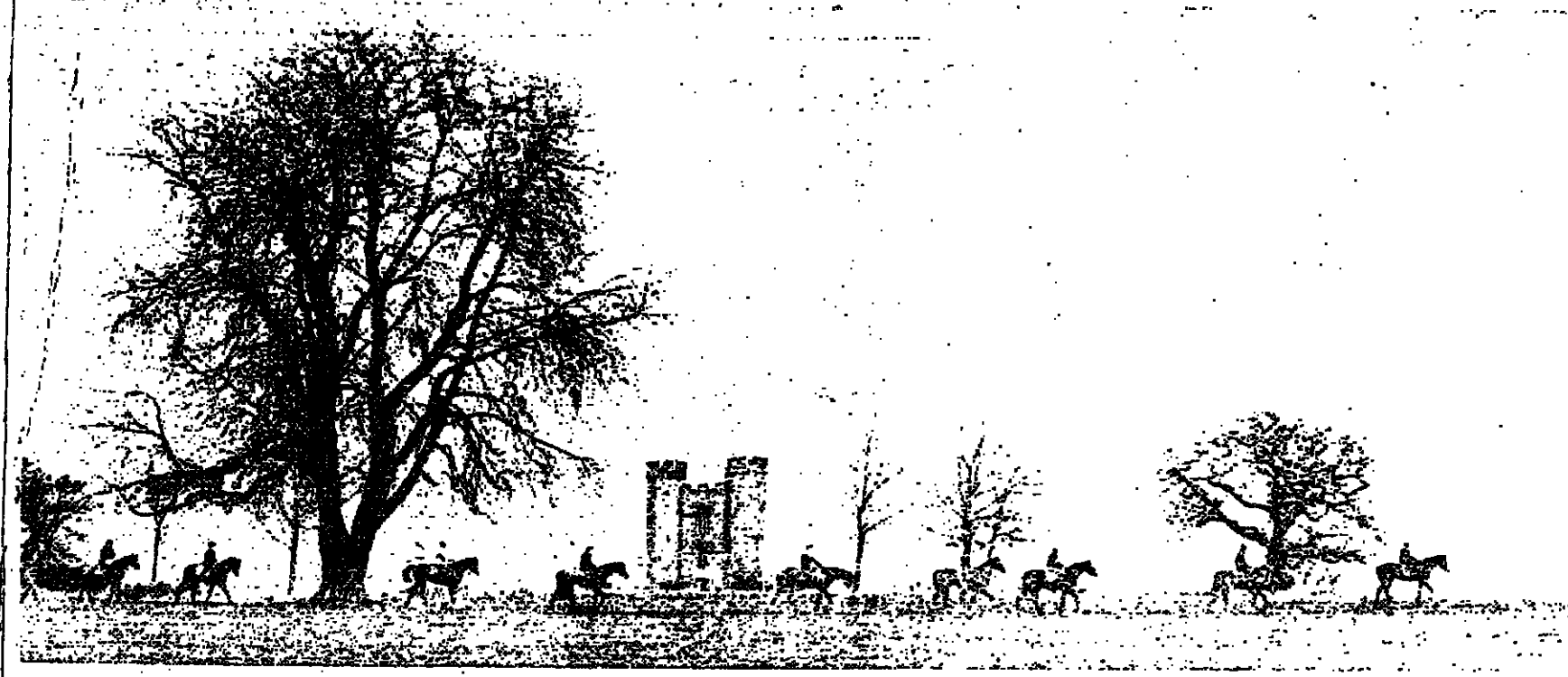
Only two titles are registered as charities with the Charity Commissioners: the Holy Spirit Association for the Unification of World Christianity, registered in 1968, and the Sun Myung Foundation, registered in 1974.

The two had a total income for the year ending March 1979 of about £1.7m, before outgoings, which at present is tax-free. Income comes from street-collecting, from the sale of produce from their farms or commercial ventures such as printing. Those businesses give money through covenants to the charities, which is then tax-exempt.

The loss of tax-free status would mean any capital assets received would be subject to about 30 per cent capital gains tax. Another big benefit which would go would be the 30 per cent relief on rates.

However, Mr Orme is confident that there is no evidence to justify claims of political involvement in Britain. In a letter to a complainant in 1977, the Charity Commissioners said: "We have no evidence that any funds are applied in direct support of Mr Moon as an individual."

Leading article, page 15



Racehorses and riders in procession through Arundel Park, West Sussex after a morning gallop.

Libel action defeat could bring investigations of sect from three flanks

MPs seek end of Moonies' charitable status

By Frances Gibb

More than sixty backbenchers from all quarters of the Commons yesterday called on the Government to end the charitable status of the Moonies, or Unification Church, immediately.

On Tuesday a High Court judge recommended that the cult's tax-free status should be investigated on the ground "that it is a political organization".

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Leading article, page 15

BL workers refuse to back strike

From Clifford Webb
Birmingham

White-collar unions appeared last night to have lost their long battle with British Leyland to prevent compulsory staff redundancies.

Twelve employees whose redundancy became effective on Tuesday reported for work as usual yesterday. They were accompanied through the gates by about 50 supporters, including union officials, to stage a "sit-in". But a meeting of 600 staff later rejected by a large majority a shop stewards' recommendation that they should strike for three days.

Mr William Linthwaite, chairman of the joint staff unions committee, said: "It looks as if we have come to the end of the road."

Four white-collar unions have contested plans for a total of 4,250 British Leyland redundancies for more than three months.

Two solicitors were ordered to be struck off the roll of solicitors by the Solicitors' Disciplinary Tribunal in London yesterday.

In separate cases, the tribunal held that Mr James Whitaker Elston Grady, of Barlinton, Staffordshire, and Mr Patrick Gerald Sheridan Hickey, of Torquay, Devon, had been guilty of professionally unbecoming conduct. They have 14 days in which to lodge notice of appeal.

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Car price 'extras' criticized

By Robin Young
Consumer Affairs Correspondent

The advertised list prices for new cars bear little relation to the final bill, according to this month's issue of *Motoring Which?*, published by the Consumers' Association today.

The magazine says that one third of the cars it has bought for test in the past year have cost more than they should because they were obtainable only with a metallic paint finish at extra cost. The magazine's buyer was told he would have to wait much longer if he insisted on a car without this supposedly optional extra.

A new Ford Escort 1600 Ghia was offered only "with a most astonishing list of 'options' adding about £625 to the price of the car."

Charging for delivery is not unreasonable, the magazine says, if it was shown in the advertised price instead of coming as "a very nasty extra."

"It would be more sensible if car dealers had to display the actual price of their wares, not some hypothetical price that excludes costs the buyer can't avoid", the magazine says.

Mr Meredith is claiming £500 damages after alleging that the Webb continued to cause a nuisance after an injunction was served on them in 1978. Mr Webb has counter-claimed for £6,251 in damages for assault.

Mr Webb said he suffered a black eye and broken nose in the alleged assault, and his wife had cuts and bruises.

Judge Stuart-White adjourned the hearing.

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Coal board clashes with council over tipping site

From Ronald Kershaw
Leeds

West Yorkshire County Council has clashed with the National Coal Board over what it considers the board's unreasonably haste in telling 4,500 miners they may lose their jobs if the county council, as the local planning authority, does not grant space for tipping colliery spoil at South Kirkby.

A decision on the tipping application is not due until next Tuesday.

Four collieries are affected:

South Kirkby, Ferryngor, Riddings and Kinsley. The board has spent £20m on a new washery plant to handle centrally two million tonnes of coal a year from the four pits, but it has tipping space available for only two and a half years' supply of spoil.

Two years ago the board applied to Wakefield Metropolitan District Council to tip on a 185-acre site near the four-pit complex. That was rejected, so it appealed to the county council, pointing out that the new site would provide tipping capacity for between 18 and 20 years.

Where, however, the offence was committed less than six months ago, it is a relatively easy matter to rectify the irregular procedure, either orally, by charging the defendant anew when he appears before the court, or, if the defendant is not there, by dismissing the old, invalid summons, and sending out a new one.

If defendants have already been convicted, however, there is little chance that they will be able to use the loophole to get their convictions reversed. They would have to prove that the procedure was wrong, which would be extremely difficult.

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Labour MP accused over royal attack

By John Withrow

Mr William Hamilton, the anti-monarchist Labour MP for Fife Central, was yesterday described as acting in a "curmudgeonly" fashion for criticizing the Government's plans to spend taxpayers' money on the royal wedding in July.

Mr Hamilton said during question time in the Commons that the families of the Prince of Wales and Lady Diana Spencer should be invited to "pay their own way in these matters".

"Since the Government is imposing savage cuts on housing and education, and everything else, do you not think it would be absurd and indefensible if the same Government chooses to spend unlimited amounts of taxpayers' money on a jamboree of this kind?"

But Mr Geoffrey Finsberg, Parliamentary Secretary of State at the Department of the Environment, told him not to "act in such a curmudgeonly fashion".

He said: "Far from it being a waste of public money, it will bring substantial commercial benefits to the country as a whole."

Textile protest: A protest at the Lord Chamberlain's attempt to stop most textiles from using royal insignia on souvenirs commemorating the royal marriage was last night registered with Sir Keith Joseph, Secretary of State for Industry (Our Political Staff writes).

Mr Michael Meacher, Labour MP for Oldham, West, asked Sir Keith to make it clear to the textile industry that they should turn a blind eye to the Lord Chamberlain's announcement which, he said, had "no legal or statutory force".

Albert Webb, a former teacher, welcomed his new neighbors to their home by threatening to rip up their driveway. Stourbridge County Council was told yesterday. Later he was said to have sat down their garden fence with a chainsaw and to have tried to have their garage drive broken up.

The court was told that trouble arose over a disputed boundary. Mr Clifford Meredith, however, said he knew nothing of the dispute when he moved into the house in Westworth Road, Stourbridge, West Midlands. "Aggravation began as soon as we arrived," he said.

He told the court that Mr Webb and his wife, Eileen, had made his life a misery for five years. "Because of the trouble I had to have a week in hospital with a nervous rash. Mrs Webb was proud of that."

Maplin airport application submitted

A planning application for a third London airport to be sited at Maplin, in the Essex coast, rather than at Stansted, Essex, the site favoured by the British Airports Authority, has been submitted by the Town and Country Planning Association.

Maplin would cause less disturbance to existing communities, less damage and be better, the association said.

The Conservative Bow Group said yesterday that Maplin was to only suitable site.

People Before Planes (Bow Publications, 240 High Holborn, WC1) said.

The result, according to the justices' Clerks' Society, is that about 3,300,000 summonses that

were in the pipeline at the time the decision were invalid. That does not necessarily mean that all that number of alleged offenders are getting off scot-free. As many as a quarter of them, however, may escape because their offences were committed more than six months ago.

The law on most motoring offences, which make up the majority of the summonses in question, and on many other minor offences, insists that a summons be issued within six months. If that period has elapsed, it is impossible to substitute a correctly prepared summons for the invalid one.

Lightweight battery can be built into car

From Pearce Wright
Science Editor
Cambridge

A plastic battery, one tenth the weight of the conventional lead acid battery, could be built into the bodywork of the normal car.

It was described in Cambridge yesterday by Professor A. Medwith, of Liverpool University. He explained how a number of discoveries, neglected for industrial purposes over the past few years, could be exploited to replace the traditional car battery. They could also supersede other ideas of the past 20 years for replacing the car battery by a chemical fuel cell.

He told the centenary meeting of the Society of Chemical Industry that new polymers could replace the heavy lead plates, sulphuric acid and thick plastic containers of the conventional battery.

The switch to other supplies, such as the conversion of coal into raw materials, or the use of biotechnology processes for rawfeed, was the key to the conference.

Dr Andrew Stratton, of Imperial Chemical Industries, said the time had come for the chemical industry to uncouple itself from oil.

Solicitors to be struck off roll

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The difference between Lufthansa's Fare Deals and British Airways Fare Deals:



On flights to Germany, British Airways is offering price cuts - with service cuts. Lufthansa is also offering price cuts. But we refuse to cut the quality of our service at any price. Here is the proof: **Lufthansa's new Eurobudget Fare.** If you keep to a firm booking on a return flight to Germany, Eurobudget saves you money - and guarantees you full Economy Class service. The fare is at least £9 cheaper than Lufthansa Economy Class and at least £17 cheaper than British Airways Club Class. To regain the flexibility of an Economy ticket, you simply pay the difference in price. And are still better off than any Club Class passenger.

Weekend Fares save you up to 47%* If you can fly to Germany and back on a Saturday or Sunday, you fly for almost half price. But you still get Lufthansa's full Economy Class service. **Fly & Save saves you up to 47%*** To qualify you have to stay in Germany not less than six nights and not more than a month. And you have to travel on one of Lufthansa's direct flights to destinations in Germany. You save a lot of money and get full Economy Class service all the way. Lufthansa has many other money saving deals. For more information phone Lufthansa or your local IATA travel agent. **The closer you look, the more you see the difference.**

Lufthansa
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*Depending on destination you save from 44% to 47%. All fares quoted are subject to Government approval. Consult your Travel Agency or our timetable for exact details on all of our flights.

RA fears for future of its greatest treasure

By Kenneth Gosling
Arts Reporter

The Royal Academy might have to sell its most valuable possession, the Michelangelo Tondo sculpture, to ease its financial difficulties. That possibility was expressed yesterday by Mr Sidney Hutchinson, the academy's secretary.

He told a Commons select committee investigating public and private arts funding: "I would not guarantee that the academy in X years' time if the choice ever had to be the continuation of the academy's activities or the retention of the Tondo."

The work was last valued more than seven years ago at £8m and Sir Hugh Casson, president of the academy, said yesterday that the Government would not allow the academy to lend the work.

He said there had been requests from Moscow, Florence, Rome, Tokyo, New York and Washington, and that the piece could bring in fair income. But there was a question of its sale at present.

The Government's advice committee had not, he said, taken the line that the academy would sell the Tondo once it was out of the country. The academy's technical officer said the Tondo need not be its case and was a reasonable safe work to be allowed to travel. "My view," Sir Hugh said, "is that it should be allowed to travel around."

The academy witnesses, he said, were the education, science and art committee which had been asked to give the money. Sir Hugh replied that trust was being initiated, with Lord Lever as chairman and a Duke of Edinburgh as a trustee.

It was a "rattling beggar," he said, and a reasonable safe work to be allowed to travel. "My view," Sir Hugh said, "is that it should be allowed to travel around."

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St Paul's blacks have a new self-confidence on anniversary of disorders

Bristol today remembers a riot with hope

By Lucy Hodges

Today is the first anniversary of the St Paul's riot in Bristol, an event that stunned the country and led to a trial which ended in a hung jury and eight acquittals.

A day of remembrance will be observed in St Paul's. The police will be deliberately inconspicuous in the multi-racial area but the press and television will descend in force for what is expected to be 12 hours of jubilation by blacks, tempered with some sceptical stocktaking of the past year's events.

There will be no programme for today's events, which cannot please the police. They will begin about 3 pm with people congregating on the green at Sussex Place, where the worst looting happened, and continue into the evening with discussions in the community centre.

Mr Francis Salandy, a Rastafarian who runs the advice centre in Grayson Road in the heart of St Paul's, said he was uneasy about the spotlight being focused on the area and about how people would react to the sort of feverish tone being set by the media. "I hope it pours with rain," he said.

Since last year's disturbances little has been done to improve the lot of West Indians in St Paul's. A few trees have been planted and local race relations cannot be said to have been made any better. But by the trial, which dragged on for 12 months and ended with four people still facing charges of riotous assembly.

Those charges are being reconsidered by the Director of Public Prosecutions.

The trial cost about £400,000, the same as the damage caused by the riot and the subsequent looting by both blacks and whites.

Mr Peter Courtier, Bristol's community relations officer, says he is disappointed by the lack of action, but remarks that the local Council for Racial Equality is at least talking to



The scene in St Paul's, Bristol, a year ago today, with a group of rioters confronting a policeman and his dog.

Glasgow march banned as MPs seek talks about threat to rights

By Frances Gibb

Twenty Labour MPs are seeking an urgent meeting with the Home Secretary to protest about the number of bans on marches in force throughout the country under the Public Order Act, 1936.

The latest was imposed yesterday when a march through Glasgow in support of the Irish hunger strikers was banned by Mr George Younger, Secretary of State for Scotland.

It brings to four the number of cities or districts where marches are banned, denying what is believed to be a record number of people of the right to protest in public. A ban on marches in the London area expired at midnight on Tuesday and one in South Yorkshire ended on Sunday.

Mr Younger approved a three-month ban on all marches in the Strathclyde region, a decision that also prohibits a proposed "loyalist" march through Glasgow a week on Saturday at which the Rev Ian Paisley was due to speak.

The ban, which does not affect marches traditionally held for more than ten years, comes after requests from Strathclyde Regional Council on advice from Mr Patrick Hamilton, Strathclyde's Chief Constable. Loyalists had threatened a counter-demonstration to the hunger strikers' march.

Yesterday Mr Robert Kilroy-Silk, Labour MP for Orkney and chairman of the Parliamentary Labour Party's civil liberties group, which is seeking the meeting with Mr White-law, said the group was very concerned at the "blanket bans".

He said: "These bans, which affect heavily populated areas of the country, have caught people who have legitimate grievances but now have no way of expressing them."

Among the peaceful protests which could be prevented by the bans is a nuclear disarmament march which had been due to go across the Pennines from Leeds, ending in Brussels.

Another march in protest against the nationality Bill had had to be deferred because of the ban in the whole of the Metropolitan Police area issued on March 5 and expiring on Tuesday.

Other bans included one in Wolverhampton from March 20 to April 3, and in Leicester, from March 20 for one month.

"The great majority of these are solely to stop the National Front," Mr Kilroy-Silk said. "We are going to urge the Home Secretary only to use the ban as a last resort."

School milk scheme in jeopardy

By Hugh Clayton
Agriculture Correspondent

An EEC scheme to sell milk at half price to British schoolchildren is in jeopardy because the Government has refused to pay its share of the necessary subsidy.

Dairymen said yesterday that they would try to rescue the scheme, which would attract a Community subsidy of more than £100m a year if it was offered to all Britain's schoolchildren.

Mr Nicholas Horsley, president of the Milk Producers' Federation, said yesterday that ministers had refused to contribute to the scheme. The rules fixed in Brussels require governments to agree in advance to pay at least a quarter of the subsidy cost.

Consumption of milk in schools has fallen steadily since last year when the Government abolished the obligation for local councils to supply free school milk.

"We cannot get the national Government grant because they say to us that in the present stringent times they cannot invest in the milk scheme," Mr Horsley said. The scheme would cut the price of a pint of milk sold in schools by about half from its present 18p.

Strikes by firemen threatened

By Donald Macintyre
Labour Reporter

Leaders of the Fire Brigades Union have drawn up contingency plans for one-day strikes throughout the United Kingdom as early as July.

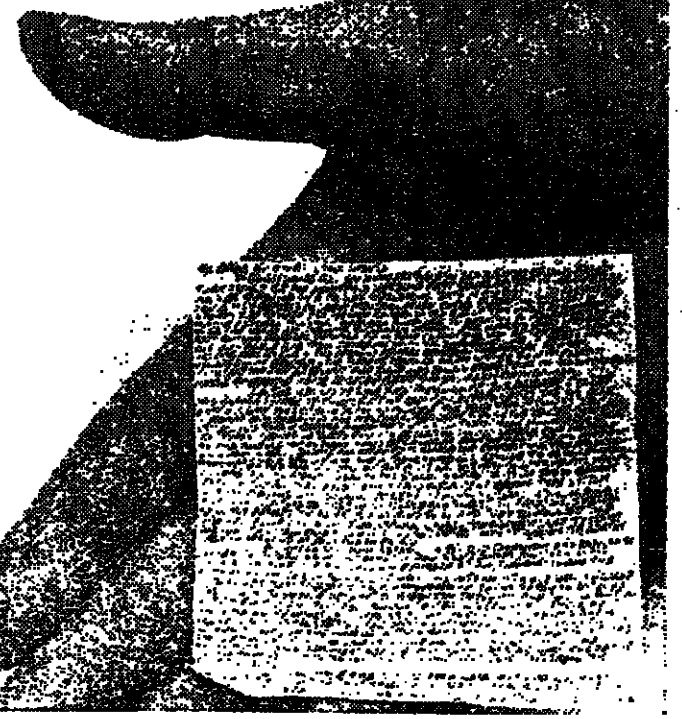
The union's 16-member executive has decided that if the local authorities, employers and the formula linking firemen's pay and that of skilled workers that has operated for three years, they will not wait until the November anniversary date before beginning strikes.

The union yesterday warned Mr William Whitelaw, Home Secretary, that the decision to end the 1979 agreement would precipitate the industrial action which, the union argues, the formula was designed to prevent.

The union, which is organizing a lobby of Parliament today, went to the brink of a series of lightning one-day strikes last November. Then the local authorities improved their original 6 per cent offer to a two-stage 12.8 per cent deal in line with the formula.

The local authorities have since told the union formally that they cannot afford to guarantee the formula for the next year and that they are withdrawing from the agreement that ended the nine-week firemen's strike in 1977-78.

Inside story of the H-Block mail smugglers



From Christopher Thomas

Belfast

H-Block prisoners at the top-security Maze prison, near Belfast, have devised ways of smuggling letters out of the prison.

Nonconforming prisoners, such as those who refuse to do prison work or to wear prison clothing, are allowed only one letter in and one letter out each month. Additionally, they are entitled to an extra letter each way if they forgo the monthly statutory visit, and can have what the authorities call "three additional privilege letters" in and out.

But conforming prisoners are entitled to one statutory and seven additional letters in and out each month, although in practice the flow of mail is not restricted.

Smuggled letters are written in capitals on pieces of lavatory tissue or cigarette paper. The letter in the photograph has 700 words on a single tissue which measures about seven



inches by four inches. The letters are wrapped in scraps of clingfilm, which is smuggled into the prison inside ballpoint pens and by other means, and taken out in the mouth of a visitor.

The other photograph shows the mother of one prisoner with three letters she had just smuggled out. If she had suspected that a prison officer had observed the handover, the letters could have been swallowed and retrieved later.

Beta blocking drug reduces deaths after coronaries

By Our Medical Correspondent

Deaths among patients who have left hospital after a coronary thrombosis have been cut by half by treatment with the beta blocking drug timolol, according to a report from Norway.

The research study was based on 1,884 patients in 20 hospitals all of whom had had a coronary thrombosis between seven and 28 days previously. They were divided into two groups: half were given timolol and half identical dummy tablets.

The study lasted three years during which time 152 patients died. Of those who had been given timolol, 78 died, against only 98 on timolol. The sudden death rates in the two groups were 14 per cent and 8 per cent.

Beta blockers are drugs that block the action of the sympathetic nerves on the heart slowing the pulse rate and reducing the frequency of abnormal rhythms. The first beta blocker to be shown to reduce mortality after a heart attack was practolol which had to be withdrawn after reports of unexpected serious and sometimes fatal side effects.

Timolol is one of 20 or more beta blockers that have been used since the withdrawal of practolol is the largest study yet published of the treatment.

New England Journal of Medicine (April 2, 1981; page 801).

Prince Andrew earns 'wings'

Prince Andrew will today receive his "wings" from the Duke of Edinburgh after an 18-month course in helicopter flying at the Royal Naval Air Station at Culdrose, in Cornwall.

Midshipman the Prince Andrew, as he is officially known in the Royal Navy, will receive his wings with 13 successful colleagues on his course when his father, also a qualified helicopter pilot, visits Culdrose for the ceremony.

Prison officer cleared

John Thomas Bell, aged 43, of Kenley Avenue, Heath Farm, Shrewsbury, a prison officer accused of corruption, helping a man to escape and smuggling drink into Shrewsbury jail was cleared of all charges after a seven-day trial at Shrewsbury Crown Court yesterday.

Nurse not guilty

After legal argument at the end of the case for the prosecution, Judge Hurwitz directed the jury at Leeds Crown Court yesterday to find Paul Henry, aged 34, not guilty of ill-treating Donald Lewis, aged 18, a patient at Meanwood Park Hospital, Leeds. Mr Henry had denied the charge.

Father finds girl dead

Mr Richard Owen, an ambulance driver sent to a road accident in Swansea yesterday, found that the victim was his daughter, Catherine, aged 13, killed in an accident with a motor cycle.

Early birds

A pair of ospreys have arrived early at their traditional nesting site at the Loch Garten Nature Reserve, near Aviemore. Volunteers will guard the birds continuously as soon as eggs are laid.

Coal mine goes ahead

A private coal mine is to be sunk by the Salters Lane Colliery Company near Park Hall, county Durham, Stoke-on-Trent, Staffordshire. An objection by the county council that it would be detrimental to the area was overruled after a public inquiry.

Singer stops records

Adam Ant, the pop singer, was granted a temporary injunction in the High Court yesterday stopping Decca, his former recording company, releasing records of 12 songs recorded as demonstration tapes in 1978.

Actress is cleared of having drug

Mynah Bird, the Nigerian actress and model, aged 30, was yesterday acquitted of possessing 512 mg of powder containing cocaine.

Counsel for the prosecution at the Inner London Crown Court said the police found the powder in a small box at Miss Bird's flat in West Halkin Street, Belgrave, West London, after a bailiff called to issue a summons for rent arrears.

Miss Bird said she had never seen the box before. She had had visitors the previous night, who must have left it.

Mr Christopher Aylwin, counsel for the defence asked for costs and said Miss Bird was not legally aided.

Judge Cox said he would have to follow the jury's verdict, and awarded costs out of central funds.

Mr Dickens goes back to his wife and family

Mr Geoffrey Dickens, MP, kissed his wife Norma yesterday and said: "We are back together for good and our marriage will be better than ever before."

The couple embraced in their farmhouse at Penistone, near Sheffield, less than a fortnight after separating.

Mr Dickens, Conservative MP for Huddersfield, West, had left his wife after declaring that he wanted to start a new life with Mrs Maureen Knight.

In a reference yesterday to his naming of the diplomat at the centre of the child pornography case, Sir Peter Hayman, Mr Dickens said he hoped to "get the child porn campaign back on the rails next week". He added: "I will probably be naming names again."

The reconciliation with his wife came after Mr Dickens spent half an hour meditating.

Policeman suffers foul play

A football match involving the team of the country's clearest record led to a hearing at Cambridge Crown Court yesterday.

A police inspector was taken to hospital with two cracked ribs after colliding with Josef Iwanko, whose disciplinary record includes 10 sendings-off.

Inspector Donald Maile was playing for Coleridge, which is in the Guinness Book of Records for never having a player booked or sent off in its 26-year history.

The referee missed the incident in a Cambridgeshire Creakle Shield match, but Mr Iwanko, aged 29, was later arrested and charged with assault.

Mr Maile told the jury that Mr Iwanko of Cambridge deliberately "elbowed him in an off-the-ball incident. Mr Iwanko, however, who has been suspended for two-and-a-half years of his 14-year football career, said he collided with Mr Maile accidentally."

After being cleared of assault causing actual bodily harm, Mr Iwanko said he was glad the jury had not known of his disciplinary record. "The county FA were going to beat me for life if this verdict had gone the wrong way."

'Impossible' to fake tapes used in trial

From Richard Ford
Middlesex

A former detective chief superintendent described as "rubbish" yesterday any suggestion that tape recordings involved in a police corruption trial were tampered with or fabricated when they were with detectives.

Under re-examination by Mr Geoffrey Rivlin, QC, for the prosecution, Mr Fred Lambert, who listened in 1969 to recordings of alleged exchanges between a policeman and a criminal, said after rehearsing them that it would have been obvious to him if they had been altered. He had never had any suspicion of that happening and added: "I am certain it never happened."

His view was supported by Mr Stanley Hyde, a principal scientific officer in the Civil Service, in his evidence at the trial at Teesside Crown Court.

He had spent 80 hours analysing the tapes involved in the trial of John Symonds, a former Metropolitan Police, who denies three charges of corruption accepting a total of £150 from

a criminal in return for helping him over an arrest.

There is no evidence of deliberate editing, tampering or altering with the intent to deceive on these tapes," he said.

"The subject matter on the tape would in my opinion make it impossible to make substantial changes to the text and the words which are recorded there."

They were not of the quality that could be faked by re-jigging, editing, or altering the context, Mr Hyde said.

The case continues today.

Hollis team in 1950 plot inquiry

By Peter Hennessy

Top secret files from the Prime Minister's Office, declassified and released yesterday under the 30-year rule, disclose details of an MIS investigation in the summer of 1950 into the possibility that communists were planning to paralyse British industry at the height of the Korean war by sabotaging power stations.

The Security Service officer who led the inquiry was Mr R. H. (later Sir Roger) Hollis, director-general of MIS from 1956 to 1965, who was cleared by Mr Michael Thatcher last week of allegations that he had been an agent of the Soviet secret service, the KGB.

The investigation began after an approach to Mr Philip (now Lord) Noel-Baker, Minister of Fuel and Power, by Lord Ciriene, chairman of the British Electricity Authority. In a minute to Mr Clement Attlee, the prime minister, dated August 3, 1950, Mr Noel-Baker reported his conversation with Lord Ciriene.

"Russia saw plants as nerve centres"

"He himself [Ciriene] was satisfied that the Russians regarded our power stations as the nerve centre of British industry and that they had made special efforts to get influence among workers in power stations. He was convinced that the great majority of their employees could be relied on, but there were about 15 to 20 men, mainly in London power stations, who were active and dangerous communists."

"He had always felt that the strikes last winter were only a dress rehearsal, and that the communists would exploit any grievances to produce strikes and would not stop at sabotage."

Lord Ciriene wanted MIS to review security arrangements at power stations, to check on suspected communists and to keep them under observation.

Sir Roger's involvement, and that of an MIS colleague, Mr P. A. Osborne, is shown by their attendance at a meeting of the Cabinet's Official Committee on Emergencies which convened on August 15 to advise Mr James Chuter Ede, Home Secretary, on what to do about the possibility of sabotage in power stations. Neither Sir Roger nor Mr Osborne spoke.

But Sir Guildhaume Myrddin Evans, from the Ministry of Labour, said that only one of the five unions involved in the electricity supply industry, the Electrical Trades Union, was communist-dominated. Before the British Electricity Authority took steps to move communist workers in power stations to less sensitive jobs, it should have a wholly convincing case ready to justify its action.

Outcome revealed in Cabinet minute

The result of Sir Roger's investigation is disclosed in a Cabinet minute for August 17, 1950, in which Mr Chuter Ede, following the advice of the emergency committee, is recorded as saying: "There was no reason to believe that any organized outbreak of sabotage was imminent."

Another security file among the Prime Minister's Office papers released yesterday at the Public Record Office in Kew, discloses a second MIS investigation in the aftermath of the outbreak of the Korean War. Information that the Communist Party was succeeding in an effort to recruit Irish people living in Britain to its cause. It is not known which MIS officer led the inquiry.

At its conclusion, Mr Attlee was told: "There is no reason to believe that the Communist Party is making a set at the Irish. . . . In any case, there is no cause for particular alarm."

Authorities fear a housing crisis from council cuts

By Nicholas Timmins

Housing in England is rapidly heading for a crisis, a conference at the Royal Institute of British Architects in London was told yesterday.

With more than 300,000 unemployed in the industry, public sector housing starts down to a maximum of 30,000 in the face of increasing demand, and surveys suggesting that older property is crumbling and dilapidated, "we are rapidly reaching the stage of running into a monumental housing crisis," Mr Peter McGuck, under-secretary for housing at the Association of Metropolitan Authorities, said.

There was the added danger that in a few years there would be too few craftsmen available to build new housing and keep up with the repairs needed. It the economy picked up and too little housing was available

Vehicle licence changes starting today

By a Staff Reporter

Car owners outside London will from today be able to license their vehicles by postal application to 147 head post offices. Mr Norman Fowler, Minister for Transport, announced yesterday.

The extension of the postal service is the last step in a programme, announced a year ago, to transfer vehicle licensing from Post Offices to accept all relicensing except for goods vehicles of more than 30 cwt, or where changes affect the rate of duty payable or the taxation class, or where the applicant does not have a registration document. In such cases the documents should go to a local vehicle licensing office. The change does not apply to Northern Ireland.

Applications in London are not being transferred to the Post Office.

Mystery of smear campaign against Sir Freddie Laker

By Arthur Reed
Air Correspondent

Newspaper photographs of Sir Freddie Laker at the waiting wall in Jerusalem have been sent to the office arranging the Arab boycott of organizations sympathetic to Israel in an attempt to block an application by his airline, Laker Airways, securing a route through the Gulf Emirate of Sharjah.

But the smear campaign has rebounded, and the Shaikh of Sharjah yesterday sent his director-general of civil aviation, Mr Muhammad al-Hajri, to London to speak for Sir Freddie at a Civil Aviation Authority hearing on his application to operate the route between Sharjah and Gatwick airport, London.

The sender of the pictures remained a mystery yesterday. Both British Airways and Br-

Singer stops records

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'We are in danger of seeing one another for the first time'

RC expert says infallibility dispute not necessarily a bar to unity

By Clifford Longley
Religious Affairs Correspondent

Disagreement on the infallibility of the Pope may not be a barrier to unity between the Church of England and the Roman Catholic Church, which is therefore much nearer than anyone had imagined, according to a leading Roman Catholic expert.

The Right Rev Alan Clark, co-chairman of the Anglican-Roman Catholic International Commission, was replying to the Archbishop of Canterbury, Dr Robert Runcie, who asked three weeks ago for clarification of the Roman Catholic Church's terms for church unity.

Mr Clark's response in an address to Westminster Abbey, was to state that sufficient agreement already existed, and outstanding differences were of secondary importance.

The two churches have been seeking to overcome their differences through joint doctrinal studies in the commission of which Mr Clark is the Roman Catholic leader. He is Bishop of East Angles, but in his ecumenical capacity reports directly to Pope John Paul.

Dr Runcie had raised for the first time the crucial difficulties that appeared to lie ahead, such as the proposed relationship between the General Synod of the Church of England and the Vatican. He indicated that Anglicanism would not be prepared to compromise its principles, but seemed optimistic that solutions could be found.

Mr Clark praised Dr Runcie for asking such questions, but asked: "Could it be that an attempt to do the 'right' and cross the 'red' is premature?"

"It would be inhuman to take



Mr Alan Clark: Praise for Dr Runcie

no notice of particular points or reservations made. After all, some of those reservations are inherent in the theological debate within the Roman Catholic Church, particularly in the area of the infallibility attributed to the Pope in the exercise of a more profound ministry."

He described an idealized kind of papal ministry, where infallibility was exercised in consultation with the church to protect the church's unity when a real conflict of faith cannot be resolved by more ordinary means, but said there seemed to be no guarantee that it would be limited in that way.

The "present renewal" of the Roman Catholic Church was concerned with just such issues, he added.

It might be thought that such considerations exploded once and for all the possibility of unity. "What is my foolishness am now going to say is a

necessary development in our relationships, requiring immense faith and trust, but none the less the consequences of an acceptable strategy for unity."

The Anglican-Roman Catholic International Commission had, he said, achieved a reconciliation in each with statements on the three areas that divided the churches at the Reformation, on the eucharist, the ministry, and on authority in the Church.

"Our question is simple, but momentous. Is what we have written consistent with our conviction that we are one in faith? Or, perhaps with more modesty, have we sufficient ground for our reconciliation?"

He asked each church to decide its answer, and quoted Chesterton: "By looking at one another for the hundredth time, we will be in grave danger of seeing one another for the first time." Mr Clark's own answer to his question, whether sufficient ground existed for reconciliation, was: "Let us then be reconciled."

The significance of his conclusion is underlined by the fact that the commission of which he is the Roman Catholic chairman has announced its inability to resolve certain differences of doctrine concerning the papacy.

It is due to produce its final report later this year, but it is known that the infallibility of the Pope will remain unresolved.

On the other hand, the two sides have reached agreement on the need for a universal ministry to secure the unity of the Church, and the Archbishop of Canterbury himself indicated the acceptability of some form of papal primacy for that purpose.

Major Haddad gives an ultimatum to UN force in Lebanon

From Christopher Walker
Middle East, April 1

Major Saad Haddad, commander of the Israeli-backed militia forces in south Lebanon, today threatened to retaliate against United Nations troops if there was any attempt to change the fragile status quo in the region.

The threat, delivered in the presence of a number of senior Israeli officers gathered in a border hotel, was soon as the bluntest warning issued by Major General William Callaghan, the new Israeli commander of the United Nations Interim Force in Lebanon (Unifil).

It came amid a serious new build-up of tension in the area after two Israeli border raids within the past 48 hours. In the latest attack last night four houses in the Lebanese village of Tulun were blown up by Israeli commandos who claimed they had been occupied by Palestinian terrorists.

[A Lebanese Army Sergeant attached to Unifil was killed early this morning in the Israeli raid on Tulun, Moshe Brillant writes from Tel Aviv.]

A Unifil spokesman said a mixed patrol of nine Nigerians and six Lebanese exchanged fire with the raiders. The Israeli denied they had been an exchange of fire but they said they heard shooting from the village after they had withdrawn.

A United Nations spokesman said the Lebanese sergeant had been a member of the patrol and had taken cover from the shooting against the wall of a building which was hit. He died from shrapnel wounds to his head.

Because of the deterioration in the situation, the Israeli Army has imposed an indefinite ban on journalists entering the zone controlled by Major Haddad. It was one of a number of reports today that he was visiting the region today on what were told was the last

trip permitted because of "the new problems".

In a belated statement to foreign correspondents, Major Haddad claimed that his 2,000-strong force would resist any attempt by UN troops to extend Lebanese sovereignty southwards.

"We believe in our country, we believe in our freedom," he said. "We are not going to give up even if we are exterminated because we are not prepared to live under PLO rule and the Syrian regime."

A senior Israeli officer, who refused to be identified, backed up the renegade Lebanese major's warning of violence if Unifil attempts to move more Lebanese soldiers towards the Christian enclave.

The Israeli officer claimed that the future of peace in the border region now depended on the Irish general who has recently declared his willingness to suffer casualties in pursuit of Unifil's mandate.

"It depends on Callaghan," he said forcefully. "If he tried to change the area there would definitely be a clash."

Speaking in a large automatic pistol on his hip, Major Haddad claimed that his forces had sufficient manpower and weaponry to defeat Unifil. Coincidentally at that moment a heavily armed Israeli half-track rumbled noisily past the hotel window.

"Mr Callaghan is not paying for his soldiers from his own pocket. I do not believe that all the United Nations soldiers will be able to do this," Major Haddad said. "I assure that 50 per cent will not follow his orders."

The Israeli-supported militia commander then accused the Irish general of showing sympathy to the PLO because of what he claimed was a link between the Palestinian group and the Provisional IRA.

Kimberley fears renewed boycott of black schools

From Nicholas Ashford
Johannesburg, April 1

Five blacks appeared in the Kimberley magistrates' court today on charges arising from a boycott of black schools which effectively paralyzed black education in the diamond-mining city during the second half of last year.

The five are part of a group of 23 detainees who were either student leaders or members of the Galesheva Action Committee. This was formed to put the views of pupils and parents to officials of the Department of Education and Training in an attempt to end the boycott. Galesheva is the township where the city's 66,000 blacks live.

There are growing fears that the continued detention of the 23 could lead to a resumption of the schools boycott in Kimberley. The students' action was called off earlier this year only on condition that the detainees were released. However, the court today ruled that all 23 should remain in custody.

Kampala alarm after shooting in army barracks

From Charles Harrison
Nairobi, April 1

Concentrated gunfire at the Mbaya Army barracks in Kampala last night caused panic among residents in the area. But it appeared to have caused no casualties and probably resulted in no deaths, according to anti-government guerrillas who were attacking the barracks.

Residents ran from their homes when automatic rifles, grenades and mortar bombs exploded around the suburban area. The guerrillas have surprised Army units several times.

Troops are still manning roadblocks and guarding key buildings after last week's incidents, in which guerrilla groups cut power supplies to Kampala and damaged the local radio station.

More than 60 civilians are reported to have been shot dead in reprisals, with many of them being dumped in the Nanyang Forest, east of Kampala.

Mr Luwuliza Kirunda, the Interior Minister, replying to a question in Parliament, denied the firing squads were executing civilians in the Mbende area, 100 miles west of Kampala.

Prince of Wales unperturbed by demonstration

From Our Correspondent
Wellington, April 1

The Prince of Wales encountered the police in a noisy demonstration against the royal visit and set fire to a Union Jack. They chanted "Charlie go home" and "In the end the black people will win". Several hundred demonstrators, including Mr Dun Mikaka, a well-known Maori activist. The protesters did not directly confront the Prince, who appeared unperturbed, waving his direction as he moved away.

Violence frequently erupts from rivalries among various groups which take such titles as Headhunters, Black Power, and Mokoia. The Government has set up a committee to investigate gangs who, for the most part, are apolitical.

But some observers fear the problem contains seeds of racial conflict.

Trudeau opponents encouraged

From John Best
Ottawa, April 1

Encouraged by a Newfoundland court judgment vindicating their position, Canadian Conservatives today insisted that Mr Pierre Trudeau, the Prime Minister, withdraw his controversial resolution now before Parliament.

The Prime Minister so far has rejected all such suggestions, and early indications today were that the Conservative group cut power supplies to the Government, which has gone on for a week and increased Commons tension near to melting point, would continue.

The Newfoundland Court of Appeal ruled unanimously yesterday that the federal plan to bring home the constitution from Britain without provincial consent was legally invalid because it affected provincial rights and privileges.

The Conservative resolution calls on Westminster to legislate a constitutional amendment for the transfer of the federal government to Canada before divesting itself of ultimate responsibility.

These are matters on which the provinces feel they should have a say.

Eight of the country's 10 provinces oppose the unilateral federal patriation measure. Six are taking part in court actions against it. Premiers of the dissenting provinces were jubilant over yesterday's court decision, which came when Mr Trudeau seemed well on his way to total victory in the constitutional confrontation.

The Liberal Prime Minister responded by offering a deal. If the Conservatives would allow the resolution to come to a vote in the Commons, he would undertake not to "press" the British Government for speedy follow-up action.

The issue could then be decided by the Supreme Court of Canada, which already has agreed to hear arguments on April 28 on a provincial appeal against an earlier judgment by the Manitoba Court of Appeal which found in favour of the federal position.

If the Supreme Court upheld



Tear gas disperses farmers demonstrating in Brussels for the third consecutive day

EEC close to farm price agreement

From Our Own Correspondent
Brussels, April 1

Agriculture ministers of the Ten appeared tonight to be heading for agreement on an increase of close to 10 per cent in the support prices paid to the EEC's eight million farmers. This would be by far the highest rise in recent years.

Some hard bargaining still remained to be done, however, as Mr Peter Walker, the British Agriculture Minister, and his colleagues reassembled here this evening after talking throughout the night. He was "cautiously optimistic" about reaching agreement.

Once again the ministers, who began their meeting on Monday, had to be led into the Council of Ministers building by a backdoor and under heavy police guard to avoid about 3,000 angry farmers who besieged the front entrance for the third day running.

During the afternoon, as they waited for the ministers to

arrive, the farmers, almost all from France, fought running battles with riot police, who used batons and tear gas to disperse the crowd. By nightfall the demonstrators had been reduced to a few hundred.

EEC farmers' organizations have been demanding a price rise of more than 15 per cent, which they claim is the minimum necessary to offset the effects of inflation. The agreement taking shape would give many farmers an increase close to or even above this figure.

This would derive from proposals for accompanying devaluations of "green" currencies, which would add a further 2.8 per cent to the common price rise in France, 3.9 per cent in Italy, 2.8 per cent in Denmark and 7 per cent in Italy.

There would be no additional bonus for British farmers because Britain's green pound—the special exchange rate used for agricultural purposes—is worth less than the real

pound and cannot be devalued.

Mr Walker has succeeded, however, in throwing out the idea of a 13p a lb increase, which would have deprived British farmers some of the benefit of an overall price rise. But means that consumers will have the opportunity for a price rise.

The main obstacle to the agreement was Mr Walker's insistence that the 13p a lb on the consumption of in Britain, which is at present financed entirely out of funds, must continue to be paid.

This was being bitterly fought by Herr Josef Grottel, West German minister, who claimed that to maintain a subsidy in full would be unacceptable extra burden on the EEC budget, in which German are by far the main contributors.

Namibia gets its own police force

From Our Own Correspondent
Johannesburg, April 1

Namibia edged a little closer towards achieving unofficial "independence" from South Africa today with the establishment of the territory's own police force.

The force will, in fact, be virtually the same as the former South African police force which had been maintaining law and order in the territory. Major-General Dolf Gouws, head of the new force, was until yesterday Divisional Commissioner of the South African Police in Namibia and many South African policemen there are expected to join the new unit. Even uniforms will remain unchanged for the time being.

However, General Gouws said there would be no racial discrimination in the South-West Africa Police (Swap), as the new force is known, and colour would not stand in the way of promotion.

The formation of the new police force was part of the independence process, General Gouws said. The National Assembly, which is dominated by the internally-based Democratic Turnhalle Alliance, recently approved a resolution calling on Mr Danie Hough, the South African appointed Administrator-General, to establish a police force separate from the South African police.

Namibia already has its own defence force which is fighting alongside South African Army units in the north of the country against guerrillas. The Pretoria Government has also conferred executive powers on a Council of Ministers to prepare the territory for eventual independence.

Ostracism of Turkey is opposed by Greece

From Mario Mediano
Athens, April 1

The Greek Government is opposed to Turkey's ostracism by the Council of Europe because of the suspension of parliamentary democracy. It believes that such a reprisal might delay the restoration of democracy in Turkey.

The Greek position was made clear in Athens by Mr Constantinos Mitsotakis, the Foreign Minister, who told foreign journalists that this attitude was in line with the policy of the other EEC countries.

He said: "Turkey's expulsion from the Council would serve no purpose at this juncture. In fact, I believe it would have a negative influence on internal developments as well as the cause of democracy."

There is no doubt that the Greek Government feels its differences with Turkey can be settled in the Ankara military regime, more easily than with parliamentary governments which are so vulnerable to political pressures.

Already the Greek-Turkish dialogue has produced concrete results in the form of a settlement of the Aegean air space question, while Mr Mitsotakis

himself seems convinced Cyprus solution is also sight.

"My own assessment is there are real possibilities for a just solution of the C problem at the present time," he said. "I believe that all who can help in this should be ready to act as appropriate time."

The Greek Minister believes that those who can help in Greece and Turkey, but also European Community, and United States where the Republican Administration could reap some interim benefit until the time came for a final settlement of the Middle East problem.

"All these forces should put in motion at the right time," Mr Mitsotakis said, "and I believe that the right time should be ready to act as appropriate time."

Mr Mitsotakis, who is now in Athens with his wife, is expected to leave for a session of Nato foreign ministers, said that his own evaluation was that a Cyprus solution was closer today to an overall settlement of G-Turkish disputes.

King warns Belgians of struggle for survival

From Michael Hornsby
Brussels, April 1

King Baudouin held talks with Belgian political and social leaders in Brussels today to seek a way out of the crisis into which the country has been plunged by the failure of the coalition Government of Socialists and Christian Democrats to agree on economic policy.

Mr Wilfried Martens, the Prime Minister, who is a Flemish-speaking Christian Democrat, tendered the resignation of the Government yesterday, but the King refused to accept it immediately. He may ask Mr Martens to try to patch up his differences with his coalition partners, or ask someone else to try to form a government.

In an extraordinary move last night, the King summoned nearly 20 leaders of Belgian political parties, big business and trade unions to the palace and warned them: "We are at war—a war for the survival of our economic apparatus, the welfare of all, especially the less well-off, and our place in the world."

The King said that he had no preconceptions about what coalition should be formed to tackle the crisis. His aim in consulting party leaders was to make possible the emergence of a government that was "possible and effective". He also appealed for "constructive parliamentary opposition".

This was seen as a reference to the possibility of the Christian Democrats forming a minority government on their

own with the informal support of the right-wing Libe.

There is still a chance, however, of salvaging the Christian Democratic Socialist alliance. The crisis came to a head because Mr Martens has posed that Belgium's system automatically linking the rise in the cost of living should be suspended until the end of the year then reformed as part measures to shore up the Belgian franc on the foreign exchanges.

This is bitterly opposed by the Socialists and their union supporters. In a compromise move, the Government decided today to freeze prices, excepting those of petrol and some foodstuffs, for a month at their level last week.

The price freeze comes at an increase in bank rates yesterday from 13 to 15 per cent which has stanchied the run on the franc for the time being but not produced any spectacular recovery.

So serious is the crisis—fourth in the past 15 months—that there is speculation about the formation of a government of "national unity" even that non-parliamentary government of technocrats. There is general reluctance to hold an election, which under Belgium's system advanced proportional representation tends only to shuffle slightly the existing party strengths without creating the possibility of a new alignment.

Welcome for bishop's appointment

By Our Religious Affairs Correspondent

The appointment of Dr Graham Leonard to be the next Bishop of London was warmly welcomed yesterday by the Church Society, an Anglican organization representing evangelical opinion. Dr Leonard is a leading Anglo-Catholic, and evangelicals and Anglo-Catholics have traditionally been seen as opposing tendencies in the Church of England.

The Church Society's statement yesterday acknowledged that Dr Leonard's churchmanship was not theirs, making their welcome to him all the more generous.

"We rejoice in the fact that the bishop holds firmly to the centrality of the apostolic faith, in particular to the divinity and atonement of Jesus Christ, and also to the traditional moral teaching and discipline of the church," the statement added.

Dr Leonard was originally of an evangelical persuasion himself, and said at the time of his appointment that he had retained an evangelical understanding of grace. He has several times found common cause with evangelicals in various church controversies, including opposition to the Anglican-Methodist unity scheme.

It is unusual for the Church Society to welcome the appointment of any bishop by way of a public statement.

It was one of several indications yesterday that opinion in the Church of England was "closing ranks" in response to the controversy about the appointment.

Letters, page 15



Passport returned: Mr John Miller, the man said to have masterminded the recent kidnapping of Ronald Biggs, the Great Train robber, in London yesterday with his bride, Sarah, after a High Court judge returned his passport to the couple can go on honeymoon.

Mr Miller, aged 36, of Cresswell Place, West Brompton, London, was released on £5,000 bail and told to "stay at home"

when he appeared in court on an assault charge last week.

Yesterday, at a private hearing, Mr Justice Smith ruled that Mr Miller's passport should be returned and that he need not make twice-weekly visits to a police station.

Afterwards, Mr Miller said he had asked to be released from the restrictions on his movements "because I want to go on honeymoon."

Coffin theft charge after funeral

From Our Correspondent
York, April 1

Minutes after watching his grandfather's coffin disappear behind curtains after a funeral service at York Crematorium, a teenage boy saw the man's body on a metal trolley in a backroom, without the coffin, the boy said at York Crown Court yesterday.

Charles Cox, aged 50, the crematorium attendant, of Main Street, Bishopthorpe, York, pleaded not guilty to the theft of the coffin and its fittings.

Mr Peter Collier, for the prosecution, told the jury: "The prosecution accepts that there must have been more people at the crematorium

involved. But Mr Cox was the man in-charge that day. "No one knows if there is a trade in second hand coffins being sold back to the undertakers. It is an unusual and gruesome case."

Mark Durran, aged 17, of Woodlands Drive, Lepton, Huddersfield, said that his grandfather, Mr Malcolm Durran, aged 75, had died in hospital in March 1980, after a long illness.

After the funeral service, the boy said he was looking at the crematorium gardens when he came to a small back room with a door marked "No admittance" which was wedged open.

Inside, he said, he saw his grandfather's body on a metal trolley.

Mark Durran denied a suggestion from Mr Paul Worsley, for the defence, that he had invented the story about seeing a body to take revenge on the undertaker and crematorium staff because his family had been disappointed in the way the funeral had been carried out.

Under cross-examination, the boy said the undertaker had been "pushy" and the funeral cortege had travelled to the crematorium at breakneck speeds. His mother, Mrs Jane Durran, said: "During the funeral procession we took a roundabout and the coffin slid backwards and forwards."

"I have never been to a funeral like it. The trial was adjourned until today."

Troops are still manning roadblocks and guarding key buildings after last week's incidents, in which guerrilla groups cut power supplies to Kampala and damaged the local radio station.

More than 60 civilians are reported to have been shot dead in reprisals, with many of them being dumped in the Nanyang Forest, east of Kampala.

Mr Luwuliza Kirunda, the Interior Minister, replying to a question in Parliament, denied the firing squads were executing civilians in the Mbende area, 100 miles west of Kampala.

The Prime Minister so far has rejected all such suggestions, and early indications today were that the Conservative group cut power supplies to the Government, which has gone on for a week and increased Commons tension near to melting point, would continue.

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New TV channel commissioning staff start work

By a Staff Reporter

The Channel Four operation gathered momentum yesterday when the three senior commissioning editors began work on the first of hundreds of programmes submitted for the new television network.

They were welcomed by Mr Jeremy Isaacs, the chief executive, and Mr Paul Bonner, controller of programmes. Selection of programme ideas will not begin until the end of the month.

Six further commissioning editors have to be appointed. They will be chosen from about 5,000 applications.

They will deal with specialised aspects of programming whereas the senior editors, Liz Forgan, Naomi Mackintosh and David Ross, will be responsible for the three main areas of factual programmes, education, and drama and entertainment respectively.

Leader quits Solidarity and another dismissed

Warsaw, April 1.—A leading member of Solidarity, the Polish free trade union, was dismissed and another resigned today amid continuing clashes between moderates and militants over the terms of a compromise agreement with the government.

Union officials in Gdansk said Mr. Karol Modzelewski, Solidarity's chief press spokesman, resigned during a meeting of the union's national consultative commission in protest against the way negotiations with the government were handled.

They also said Mrs. Anna Walentynowicz was dismissed from her union post at the Lenin shipyard in Gdansk but had no reasons for the move. She is a former crane operator with an immediate popular following and is known as a staunch supporter of KOR, the student group.

Mr. Modzelewski, who has been involved in dissident political activity since the early 1960s, became the union's national spokesman after last summer's strikes.

A union negotiating team headed by Mr. Lech Walęsa, the Solidarity leader, signed an agreement with the government on Monday night just in time to call off a threatened general strike. He has since come under heavy criticism—Reuters.

Army units move swiftly by night to seize power in Bangkok

From David Watts
Bangkok, April 1

The organizers of the coup in Thailand moved swiftly in the small hours of this morning to seize control of the capital.

Troops had to be moved in from the frontier but by 2.30 am the Bangkok radio station had been taken over and the area around First Army headquarters was sealed off with tanks and troops.

Two brand-new American-made 105mm howitzers were trained on the headquarters of the Navy with troops and recoilless rifles mounted on Jeeps in body of the Navy or the students at Thammasat University cause trouble. Here and there pockets of troops stood guard.

The immediate reaction of some was that the coup must have been prompted by the military's frustration at the lack of progress in the assault on the hijacked airliner at Bangkok airport on Monday in which 39 hostages were saved from their Muslim fundamentalist captors.

This was certainly a blow to Thai military pride but it is more likely that the plotters took advantage of the confusion and distraction of the hijacking to make their move.

Having won control of central Bangkok, the Revolutionary Council quickly issued a decree which dissolved the Parliament and dis-

missed the Cabinet. It promised general elections "when the situation has stabilized". Gatherings of more than five people for political purposes were forbidden.

General Prem, the Revolutionary Council declared, had been dismissed as Prime Minister and retired as Army commander-in-chief.

Throughout the day various elements of Bangkok society were called in for briefings on how they should conduct themselves under the new regime. Newspaper owners and journalists, lawyers, businessmen and bankers, secretaries of chambers of commerce and diplomats were summoned in turn. They were told that the new austere regime was going to stamp out corruption and licentiousness.

Newspapers were warned to tell the truth or pay the penalty; but an expected pep talk for foreign correspondents did not materialize.

As the day wore on, however, the decrees became fewer, the martial music on radio and television gave way to less jarring Thai patriotic songs and the troops guarding the palaces of the revolution became progressively more bored and relaxed. The territory they ruled remained small—a restricted area of central Bangkok.

The Revolutionary Council consists of General Sant, Admiral Samut Sathavasin, commander-in-chief of the Navy and General Vasin Isarangkun, Ayutthaya, commander of the

First Army, whose command takes in the capital, central Thailand and the frontier with Kampuchea. The leader of the "young Turks", Colonel Manoon Ruengkachorn, was named secretary-general, while Air Chief Marshal Panang Kantararat, commander-in-chief of the Air Force, was named also as a member of the council though he is at present in the United States.

The principal motivation for the coup appears to have been the recent instability in the Government—General Prem had just patched together a new cabinet after one of the leading partners in the coalition, the Social Action Party, had walked out in a dispute over oil supply contracts with Saudi Arabia. The reshuffled government had a narrow political base and lacked some desperately needed economic expertise.

The Revolutionary Council said today that the situation had "seriously deteriorated". This was because of the weakness of the administrators of the country.

What is essentially an inter-army squabble—the graduates of one class against those of a class two years previous to them—has left the people of Bangkok unmoved.

There were unconfirmed reports of clashes between the Army and the Navy in southern Thailand today but otherwise the coup, if that is what it eventually turns out to be, will have been a relatively painless one.

World view: Arrigo Levi examines key area of Reagan policy

West needs joint strategy for Middle East

The United States, Europe and Japan can and must adopt a coordinated strategy for action in the Middle East, covering all the main problems and crisis points in the area, from the Mediterranean to the Gulf.

This is the main assumption of a report—The Middle East and the Trilateral Countries—which was submitted to Washington this week to the annual conference of the Trilateral Commission. The four authors—Garret Fitzgerald, the Irish Opposition leader, Dr. Joseph Sisco, former American Under-Secretary of State, Mr. Hideo Kitahara, the former Japanese Ambassador to France, and myself—later explained their report to the press.

The 75-page document, which comes at a time when the Western alliance is threatened by misunderstandings and tensions, and when the Middle Eastern policies of the Reagan Administration still appear to be largely undefined, points out that while the trilateral countries share common interests and outlooks, there has not been a common approach to the Middle East and the Gulf.

The document indicates the main lines of a plan for co-ordinated action and policies of each country are not necessarily identical.

"Close and regular consultations", which might have to be achieved through the creation of new institutional links between the trilateral countries, are considered "a matter of high priority in the years ahead", in order to develop "complementary policies" and avoid divisions.

The report, which is the result of nine months of research, in the course of which members of the task force met most of the political leaders of the Middle East, suggests a "step by step" approach to the Arab-Israeli question.

It endorses the main principle of the Camp David agreements—that of a transitional period of "autonomy" for the occupied territories—and it considers that the United States should still be the mediator in the dispute. However, the report indicates possible ways and aims of a separate, co-ordinated European initiative.

It points out that the European Community, as a whole, has not yet regained lost credibility in Israel if they are to have a positive influence in resolving the Arab-Israeli dispute. The report suggests "a special relationship be envisaged and proposed by the EEC between itself and a future community of Israel, Jordan and any Palestinian entity which might come into existence, expressed in such a

concrete way as to demonstrate a definite European political commitment to the stability and security of the area".

A European initiative might clarify some basic questions on the Palestinian Liberation Organization, including the point whether the Palestinians would be "willing to participate in negotiations with Israel, as part of an Arab delegation". Europe ought to use its prestige in the Arab world "to influence the Palestinian leaders towards an evolution of their policies that would facilitate a modification of the PLO charter (which still denies the possible existence of Israel)". But no European initiative must be presented as "an alternative which might undermine the US mediating role", the report says.

It indicates the following main "requirements for progress" in the Arab-Israeli dispute: "The Egyptian-Israeli treaty must be accepted and fully implemented; the autonomy arrangements called for in the Camp David agreements should be pursued, but autonomy under Israeli control is probably not a tenable alternative as an end result, just as 'indefinite continuation of Israeli occupation is... a prescription for war, not peace'".

As an inducement to "ultimate participation by the Palestinians and Jordan in the peace process", aiming at an "overall settlement" of the dispute, "the possibility should be explored of linking more closely the autonomy option and the so-called Jordanian territorial approach, with a view to intensifying negotiations after the Israeli election".

Palestinian role in negotiations

A strategy for step-by-step peace should include the following elements: "Any Israeli plans for further settlements would be frozen at the outset; the West Bank would be returned in substantial measure to Jordan, subject to agreement on final borders; territory returned to Jordan would be linked to the East Bank, co-federally or federally, as part of a Jordanian-Palestinian state under the Hashemite kingdom.

Jordan would be expected to provide the opportunity for the West Bank Palestinian Arabs to exercise the right of self-determination after an appropriate period of years "provided the basic agreement has been implemented and tested on the ground to the satisfaction of Israel and Jordan and its constituent community of Israel, Jordan and any Palestinian entity of both. A role for the PLO, or individual members of the PLO, or Palestinian Arabs

from the West Bank and Gaza Strip in the negotiating process would be kept under active review in the light of their willingness or unwillingness to recognize in appropriate ways Israel's right to exist".

The report recognizes that "ultimate Soviet acquiescence in peace" is required, and suggests that America "exchanges views with the Soviet Union from time to time", even though the conditions for a "more direct Soviet diplomatic role" do not exist.

A large part of the report is dedicated to energy policies and to policies towards the oil producing countries, as well as to the strategic measures which are necessary to maintain the global and local balance of power.

The report repeatedly makes the point that only a "co-ordinated strategy" made up of "a variety of coordinated actions and initiatives by many different governments in different fields" can offer some hope of stabilizing the fragile political structure of the Middle East, whose problems and conflicts may present "the most serious challenge in the 1980s to the economic viability and security of the trilateral regions and to the stability of the global balance of power".

It criticizes present Western energy policy, which seems still to be based "on the hope for a gradual and relatively painless passage" to an economy less dependent on Middle East oil. "The expectation of emergencies... ought to be brought into the medium and long-term energy strategies of the trilateral countries".

The credibility of Western energy commitments taken after the second oil shock cannot but be somewhat diminished by the swiftness with which they were undertaken.

The report strongly recommends that the trilateral countries support with all their material and "organizational weight" the process of technological, economic and political modernization of the oil-producing countries, contributing to make "bad-quality development" less prevalent.

The ultimate aim of a co-ordinated policy by the trilateral countries is indicated as "the creation of a regional security system and a regional development plan supported by trilateral resources, know-how and political military power".

But the report stresses that it may not be easy to build "a comprehensive system of political and economic cooperation between the trilateral regions and the Middle East nations". The modernization of these "three regions" must be one of the most difficult political enterprises in today's world. Although the instability of

this area has different roots, the report points out that the continuation of the Arab-Israeli dispute increases "the likelihood of convulsions and revolutionary change" and "complicates the attempt of Western powers to develop close and strong relations with the Gulf countries". Reaching a solution of the Arab-Israeli dispute is therefore necessary, though not sufficient to bring back stability to the whole of the Middle East.

On the balance of power and relations with the Soviet Union, the report says that to re-establish a stable, predictable East-West détente relationship, the Western democracies "will have to prove that they are able to contain the potential Soviet menace in the newly threatened areas of the Middle East" as well as to strengthen their position in the European theatre and maintain the global strategic balance.

Detente founded on strength

Detente ("cooperative relations") remains the goal, but "adequate Western strength is the means to reach it". The report approves the "present American strategy" in the Middle East.

It implicitly endorses increased military presence of European powers east of Suez: "In addition to allied substitution in Europe and around Japan for redeployed American forces, the question must be asked whether the European and Japanese can leave it mostly to the United States to defend their interests (in the Middle East), or whether they should do something themselves by assuming a greater burden of defence in the Middle East itself... even a modest European assumption of responsibilities in the Middle East would be useful."

As its final point, the report emphasizes the need for increased consultations and coordination of efforts.

It suggests that the definition of the interests and policies of the alliance become a collective exercise. To that end, there is a need for a careful look at the adequacy or inadequacy of existing institutional structures.

"Mutual suspicions and misunderstandings are recurrent, not to demand some new effort at policy-coordination" to be made "with some urgency".

A special task-force project on "sharing responsibilities among the trilateral countries" has already been undertaken by the Trilateral Commission and will lead to a new report next year.

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Man in the news

Press aide's impish humour mightier than the gun

from David Cross

Washington, April 1

Mr. James Brady, President Reagan's spokesman and the man most seriously injured in Monday's assassination attempt, as today reported to be making astounding progress in Washington hospital.

Mr. Brady was shot through the head just above the eyebrow. The bullet, which passed through his brain causing what as first thought to be severe damage to it, was removed on his skull during a long operation. Soon after the luck he was so critically ill at reports began to circulate that he had died.

Yesterday Mr. Brady, who is a tough, 40-year-old extrovert, began to show remarkable signs of recovery. His doctors say he is now able to speak, to breathe without a respirator and to move his left arm and

Mr. Daniel Ruge, the President's personal physician, said at a press conference that he may even be able to walk in a few days. His colleagues in the White House are, however, emphasizing that Mr. Brady is still very seriously ill. Mr. Ruge describes his condition officially as still critical.

Mr. Brady was walking within arm's length of Mr. Reagan on the show where he was interviewed by the Washington Hilton.

was unfortunate enough to be in the direct line of fire when Mr. Reagan and the man, and this was why he suffered the most extensive injuries among the four people shot in the attack.

The presence of Mr. Brady's key figure close to the President has become a familiar sight when Mr. Reagan travels. Mr. Brady has been by his side the White House, Irony, when he was appointed to post of chief spokesman for President, not long before Mr. Reagan made a point of being at his side at the assembly press television cameras would be the world to know that the self-deprecating humour

of the few weeks that he has installed in the White House. Mr. Brady has earned respect of Mrs. Reagan, who was widely reported not to have been keen on his appointment. At one time, when other more highly lifted candidates were being reviewed for the job of White House spokesman, the First Lady was reported to have been disparaging remarks at his unphotogenic features, as they seemed to be back and more carefully, President Reagan and his senior



Mr. Brady on the day he was made Press Secretary.

advisers need not have been quite so concerned about Mr. Brady's abilities. A native of Centerville, Illinois, Mr. Brady has spent most of his adult life working in politics.

As a 20-year-old he worked for the election campaign of Senator Everett Dirksen, who was then Minority Leader of the Senate. He served later as press aide for Senator William Roth, the conservative Republican from Delaware, who was co-author of the original Kemp-Roth tax cut Bill, now adopted by Mr. Reagan.

At the beginning of last year's presidential primary campaign, Mr. Brady served as campaign spokesman for Mr. John Connally, the former Governor of Massachusetts, who is now a senior political aide to Mr. Reagan in the White House. Mr. Brady has an impish sense of humour which did not at first endear him to all those close to the President, including the First Lady.

The memory of one particular incident always brings smiles to the faces of reporters who covered the final stages of Mr. Reagan's election campaign. Just after the Republican candidate made one of his more unfortunate off-the-cuff remarks about trees causing more "pollution" than car exhausts, Mr. Brady teased reporters in the President's campaign aircraft with the cry "Killer trees, killer trees" as they passed over a forest.

When Mr. Nolte told Mr. Reagan after last November's election that he did not want the job of press secretary, the President-elect's advisers interviewed all sorts of well-known journalists and others for the post. They all declined the offer.

When he eventually got the job, in a gesture which now has become a familiar sight, Mr. Brady, who was then a deputy press spokesman, but as a campaign spokesman, he worked for the leading candidate when he was Governor of California. Like Mr. Nolte, who is now a senior political aide to Mr. Reagan in the White House, Mr. Brady has an impish sense of humour which did not at first endear him to all those close to the President, including the First Lady.

As he still lay critically injured in a Washington hospital today, the joke no longer seemed funny.

Unicef will fight Central Africa child mortality

From Ian Murray

Bangui, April 1

Unicef committed itself today to a huge and urgent investment in the future of the Central African Republic. Mr. James Grant, the director general of the United Nations children's fund, ended a five-day tour of the country with the signature of an agreement on cooperation which he promised to transform into practical aid in the shortest possible time.

He said that the country had an infant mortality rate of about 200 deaths per thousand births within the first year. "This means that tens of thousands of children are dying each year. This is really an acute, silent emergency."

After four days of visiting hospitals, schools and what might be defined as government projects both in Bangui and in the surrounding countryside, Mr. Grant was shocked by the appalling conditions.

The country's main hospital is filthy and overcrowded. Its equipment is antiquated and its medicines are inadequate and often outdated. In the maternity home, mothers sometimes have to share beds. In children's wards the mother often is found kneeling by little cots with two children in them, virtually swamped by them.

In the countryside things are, if anything, worse. Medical staff are a rarity and equipment almost non-existent. Unwanted children are thrown out into the bush to starve or fend for themselves. Boys scavenge, beg and steal. Presentable girls haunt hotel foyers as prostitutes.

These signs of appalling poverty and neglect are everywhere where there are plenty of fish and the soil and climate favour agriculture on a large scale. Game is still available, and the population at three million is such enough to be able to survive on the land.

In addition, the country is rich in minerals, especially diamonds, but these have contributed little more than to the wealth of a few. The get-rich-quick settlers. After independence, they helped to give delusions of grandeur to self-appointed Emperor Jean-Bedel Bokassa.

With a French help the Emperor was toppled and President David Dacko installed as a caretaker head of state. With the participation of French jurists, a new constitution was drawn up which was put to the country in a referendum and accepted. The people voted for a president and confirmed M. Dacko in office for a six-year term.

Swiss miss

Zurich, April 1.—Swiss newspapers are demanding a full investigation into the failure of Switzerland's German-language television network to report the Reagan assassination attempt. Monday's late film was not interrupted.

The Royal Mail is publishing, free of charge, copies of a series of articles specially commissioned from independent experts on the distribution of small freight and parcels. Here is a précis of the ninth in the series—written by Dr. Bernard Warner, a leading consultant in transport and distribution.

Costing the delivery of small consignments.

Almost every business needs distribution facilities, and executives must choose carefully between using their own vehicles, hiring a professional carrier, or a mixture of both. "Own vehicles" are likely to be more easily controlled, but professional carriers can be more efficient; the choice between the two is usually based on cost-effectiveness, decided on size of load and nature of journey. When a load occupies the entire capacity of a vehicle, the financial comparison is easy to make; this Table shows a typical example.

Journeys per year			Annual Cost	
Loaded one way	Loaded both ways	Total	Using own vehicle	Using haulier
170	50	220	22,550	24,500
220	0	220	22,550	22,000
100	50	150	19,719	17,500

Sensitivity of cost comparison to vehicle utilisation, based on annual costs for handling 10-ton loads over a distance of 100 miles.

This example illustrates measurement of the total cost of using own vehicle and driver (long run avoidable cost), relevant to the decision of whether to invest in a vehicle and driver. However, the extra cost (short run marginal cost) of using the vehicle to deliver the companies goods will be substantially less. A clear understanding of the role of these two costs is vital to sensible decision making.

When assorted consignments share a vehicle's journey, however, delivery costs are harder to calculate; but such a calculation is crucial to profitability. Transport managers need to know the costs of delivering individual consignments to decide whether or not to make use of a professional carrier. This decision must take into consideration not only the size of the load but also the journey's distance to the delivery area (i.e. its "turn"). As an example, these Tables show a method for such calculation.

Standing charge (including driver) per day	£47.80
Running cost, pence per mile (ppm)	14.76p
Average loading of vehicle	2000 kg
No. of drops	15
Single journey stem mileage	50 miles
Average speed on stem	40 mph
Average four mile drop	4 miles
Average speed on tour	20 mph
Delivery time per drop	3 min. + 6 min./100 kg
Total delivery round mileage	184 miles
Total cost for round	£74.95

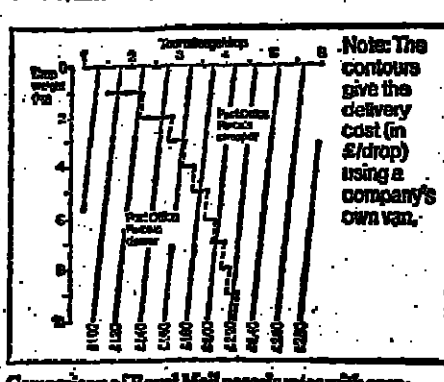
Characteristics of delivery round with a 3-ton van.

Standing charge (9 hours)	8.85p/minute
Stem cost out and back (= 180 x 8.85 + 120 x 14.76)	3364p
Stem cost/kg (= 3364/2000)	1.682p/kg
Tour mileage cost/drop (= 12 x 8.85 + 4 x 14.76)	165.2p
Total delivery cost of one consignment (= 3 x 8.85 + 0.06 x 8.85/kg)	26.55p + 0.53p/kg
Stem cost	1.682p/kg
+ Tour mileage cost	165.2p
+ Delivery cost	26.55p + 0.53p/kg
	= 191.7p + 2.21p/kg

Calculation of delivery cost per consignment, based on identical data.

Delivery of an extra consignment with the load will further complicate the financial calculation. If the extra cost is substantial, it becomes more economical to deliver the additional item via a carrier.

Managers need to compare long-run delivery costs with the published tariffs of carriers (for example, Royal Mail for parcels or a goods haulier for consignments up to 1000 kilos). There is usually a specific point where employing a professional carrier becomes less or more economical; a method of plotting the comparison is shown here.



Comparison of Royal Mail parcels rates with own account delivery costs, in £ per drop (Sept 1980 prices).

The practical conclusion is that if a substantial proportion of a company's consignments weigh less than 10 kilos, on rounds where the tour mileage per drop is above the dotted line, then the company should consider using the Royal Mail to deliver those consignments.

The high costs of delivery can make it unprofitable to accept small orders. There are various answers to this problem—for example, delivery charges or non-acceptance of low-value orders or less frequent deliveries—but these can have serious marketing consequences in terms of goodwill. Using the Royal Mail parcels service for consignments up to a certain weight level can turn these into profitable orders, particularly if a parcels contract is negotiated.

The Ken Woolley, Room 127, Postal Marketing Department (PAK-9), FREEPOST (no stamp required), 22/25 Finsbury Square, LONDON EC2A 2DQ

Please send me _____ copies of the full article: "Costing the delivery of small consignments" by Dr. Bernard Warner. I would also like copies of the previous articles in this series.

(Indicate numbers required in boxes) D/89/5758/1

- ☐ Own vehicle fleet costs versus carriers' prices.
- ☐ Packaging costs versus the costs of replacement.
- ☐ Opening and developing an export market.
- ☐ The future role of depots in a distribution network.
- ☐ Entering the mail order market.
- ☐ Mail order and Parcel.
- ☐ The use of credit cards in mail order.

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Prisoners free hostages

Assina, Sicily, April 1.—The prisoners who took 18 Italian hostages at Gazi jail here yesterday—later releasing 15 of them—were remaining 15 during the night and surrendered to the authorities. The hostages were armed.

The prisoners had been granted the right to speak to their wives. Prison administrators said their demand to remain in Sicilian prisons. Agency Press.

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Herr Genscher to sound out Moscow

From Patricia Clough

Bonn, April 1

The Soviet Union's intentions on arms control talks will be sounded out by Herr Hans-Dietrich Genscher, the West German Foreign Minister, in Moscow tomorrow and Friday. He is also expected to press the Soviet leaders for caution towards Poland and in the Third World.

Herr Genscher is one of the very few Western statesmen to visit Moscow since the invasion of Afghanistan. And Herr Helmut Schmidt, the Chancellor, who went there himself last summer, has felt it necessary to defend their contacts with the Soviet leadership.

In a difficult East-West situation, Herr Schmidt told the Social Democratic parliament party last night, it was more necessary than ever to keep a dialogue going.

The West Germans have thoroughly consulted their allies before the visit, but the Chancellor emphasized that Herr Genscher was not going as a representative of the West.

Herr Genscher will want to know particularly whether the Soviet Union is prepared to get down to negotiations on reducing medium-range nuclear missiles, even though President Brezhnev's proposal for a moratorium on these weapons has been rejected by the West.

The Germans feel that a moratorium would only serve to consolidate the Soviet Union's superiority in this area with its three-headed SS20 missiles. Recent efforts by Soviet emissaries here to influence German public opinion in favour of a moratorium have greatly irritated the Government.

Herr Schmidt insisted in the

Bundestag today that the present imbalance was a serious threat to peace. He confirmed the Government's firm support, despite growing objections from a minority within the coalition parties, for the Nam decision to produce and deploy corresponding missiles while offering talks on reducing their numbers.

Herr Genscher will doubtless say the same to Mr. Brezhnev and Mr. Andrei Gromyko, the Foreign Minister, in Moscow.

Official sources say that the minister will also try to find out what Mr. Brezhnev wants from the West in return for his offer to extend East-West confidence-building measures to the whole of the European part of the Soviet Union. He will also try to find out what Mr. Brezhnev wants from the West in return for his offer to extend East-West confidence-building measures to the whole of the European part of the Soviet Union. He will also try to find out what Mr. Brezhnev wants from the West in return for his offer to extend East-West confidence-building measures to the whole of the European part of the Soviet Union.

Interception of mail aroused much less public interest than telephone tapping because fewer people knew it went on, but the amount of interception taking place was enormous. Mr Lau Wai-kei, a Tower Hamlets, Beth-

Mal Green and Bow, who intercepted the mail, sent to them for Security Service. How could the Government justify the creation of two different systems of delivering mail—through the Post Office or through a private interception and there could be interception and tapping in one system and not in the other?

How could the Home Secretary justify penalising only those people who sent their mail through the Post Office?

If there had to be tapping, let it be under a statute. West Germany had a subversive activity law under which the Government had to give notice to the person who did this country, but there people who had their telephones tapped were notified and had the tap was removed. How could the Government if they could show that the reason for the tap was invalid.

Neither the Home Secretary nor the Minister for this country had trebled in the past 20 years. He did not believe that the number of people seeking to overthrow the state by force had trebled in the past 20 years.

The budget for this year for the telephone tap installation organization was £1,370,000, made up of £1,000,000 for salaries. There was something in excess of 100 people engaged in this activity. They were those who listened to conversations or the records—that was done by M15. These were the people who put the tapping in, or made the records.

When a security service was expert at the mechanics of their trade, the coding, decoding, and the intercepting of messages, lighters and bugs in the case, politically they were a bunch of illiterates and ignorances.

It was true that any of them (he said) to make a political judg-

ment would be tapping on political grounds.

We are beginning to have of the characteristics of a state.

Mr John Gort (Baronet, He said) said that telegraphing, in which he took no part when it was done a national interest for the secret the state or in And criminals were tapping the mail by the warrant of the Home Secretary. If it was not done according to law and was illegal, it was punishable.

If the Bill was amended in detail, the proposed clause, it would be on all with the terms of the White which contained the guarantee which at present governs the tapping of the mail. It was necessary to deter and p anyone who illegally p someone's telephone.

He did not believe that such extensive authorities to tap a person's house and privacy with impunity and his knowledge.

There was a feeling among people, including some of its truments, that they might their telephones tapped. would it be possible for anyone illegally tapping was ject to the severest p Responsibility for making the records was the concern of the Attorney General.

A reporting-back procedure was not concerned in this. He asked for and from the Home Secretary people were discovered if telephones, and stronger penalties exacted than a fine of £5 or

Secrecy vital-Home Secretary

Mr William Whitelaw, Home Secretary (Penrith and the Border), said that the Bill was a clause which had been inserted at committee stage nor the Opposition new clause proposed to substitute it. It should be included in the Bill.

They were concerned with the integrity of the public telephone system, a small service of great importance. The two services provided a uniform means of communication for the public and the telephone system in particular provided the most convenient and quickest means of communication possible.

It also provides (he said) the ideal means of communication for the criminal and spy who wishes to communicate with his accomplices.

What was at issue was not the need for interception as a weapon in the fight against crime, but rather that the weapon was being used by the Government to prevent or intercept communications was exercised only in clearly justifiable cases and that the use made of it was confined to what was strictly necessary.

A balance had to be struck between the need for interception in the prevention and detection of crime and the rights of the individual whose privacy might be infringed.

The question was whether that balance to be properly struck the arrangements for the control of interception must be enshrined in legislation—the first case raised on the subject of the Home Secretary's proposals was that if interception was to be effective it must be carried out in secret, and that the judicial control exercised by its nature was an open process.

It was the conflict between these two propositions which made it impossible for interception to be controlled by an Act of Parliament and thus made subject to litigation without destroying effectiveness.

It was suspected bank-robber, drug-smuggler or spy should not know his mail or telephone was being intercepted at the time; otherwise he would modify his behaviour accordingly.

It was equally important that the information which formed the case for interception should be kept secret then and subsequently in order to prevent the criminal to discover how much the police knew about his activities and what was being told them. This is what was being done in the Bill. If interception were laid down in an Act.

There was an essential feature of the constitutional system that what was laid down in an Act could be tested and enforced in the courts.

Cases in which an individual was suspected of committing a crime improperly intercepted could be brought before the courts and they

would be obliged to decide whether the case to determine the necessity for the relevant information would have to be exposed in evidence.

It would include all the information available to him, some of it of a most sensitive nature derived from those on whom the police and the security services were keeping people in some cases whose lives would be endangered if their part were known or even suspected by the dangerous men against whom interception was sometimes employed.

Before he signed a warrant, and this was a responsibility he could not avoid, he had to be satisfied that interception was justified in accordance with the criteria set out in the White Paper published a year ago.

That meant he must be fully and frankly informed of the basis for suspicion against the individual concerned, the nature of the evidence which should on no account be revealed, least of all to that individual.

He was to be frankly informed about such secret matters, he must be in a position to keep the secrets entrusted to him.

How could he permit such information which would be not relevant to the House to come to a matter of evidence in a court? Yet if it was not possible to make a statute that was what must happen, for it was the essence of the judicial process that the Judge must determine the matter on the basis of the law and the evidence adduced.

It was no answer to say that the House could not be informed by claims of Crown privilege. If secrecy precluded him from saying whether there had been an interception, the House would be demonstrating that the conditions laid down in the statute for the issue of a warrant were met in a particular case, then the judgment of the House would be final.

Safeguards already existed which avoided what he believed to be an unacceptable consequence of legislation. The Government would appoint one of the most respected judges, Lord Diplock, to scrutinize existing arrangements and to make recommendations as to what the procedures and safeguards in the White Paper were being observed.

He hoped that whatever criticisms the House might decide to make against the Government or the worthy, they would not make unworthy accusations against Lord Diplock, who would be asked to take a particular task and carried it out scrupulously and found that the procedures as laid down were being strictly observed.

He had complete access to all the secret material submitted to him and complete freedom to look at it and to make recommendations in any way he chose. Individual cases were thus independently tested

against published criteria preserving an essential feature of the system were subjected to unjustified interceptions at informant against the revelation of the secret.

No one who had read Lord Lock's first report could do with which he carried out the system were subjected to bill of health and his own checks on individual cases gained a valuable new safeguard against any departure from published criteria.

The Post Office and the Telecommunications Corp would not put the confidence that the Government had in widespread and unjustified use on its customers' cautions. They would under no circumstances only when required them to and employees would be committed criminal offence if they used the system except in accordance with a warrant.

For the police, it was stated in a recent court case that the standards of the Metropolitan would not in circumstances that were in pursuance of a warrant of the Secret Service.

The same applied to other officers of police and for the official police officer to use the system in the absence of a serious disciplinary or those arrangements provide safeguard against use in the interests of Post equipment.

While I know that gone allegations of unauthorized use of the system, I have not seen any evidence of being given evidence of it, assure the House that if I have any specific evidence of this kind, I shall immediately take firm steps to it with it.

To give responsibility to the least number of Ministers or some classes of judges, I mean a consequent loss of privacy and control and would rather see the responsibility should rest with a single minister responsible to Commons.

It is not wise to follow the example of other countries where the effectiveness of interception had been reduced through provisions such as that in the Bill. The House of Commons could not be second.

These provisions were unable and unnecessary. The point was that the House of Commons the Secretary of State was the procedural arrangements described in the last year's Bill. The House of Commons were sufficient to read the public that the arranger were such as both to protect the public interest and to ensure, to safeguard the rights of private individual.

Each tap an invasion of privacy

Mr John Golding (Newcastle-under-Lyme, Lab) said that the principle under consideration was to amend this particular amendment in the House of Lords that that could not happen.

I do not accept (he said) that it would be impossible for the Government to avoid that particular danger: that there is no way in which the Government could get down in statute the conditions under which telephone tapping can take place without the Government being challenged in the courts on this point.

Mr Roy Hattersley, chief Opposition spokesman on Home affairs, said that the Government had introduced unauthorized interception, although that dispute grew, was disapproved of by the Home Secretary, and that the Government had voted against an amendment which made an unequivocal statement on the illegality of such behaviour and imposed a penalty on people who might behave in such an illegal way.

I do not believe on unauthorized tapping (he said) that the problem of court revelations is a problem at all.

The most important part of the amendment was that it sought to place on a statutory basis the methods by which authorized interceptions were made, and agreed, That was a matter of principle.

At the moment there was no statutory, objective or material assurance that authorization were used sparingly. A party who may be suspected of no leg address, and there were no legal enforceable rules by which the Home Secretary must abide. The amendment would make it possible for rules in comparatively unambiguous terms.

Mr Martin Stevens (Hammersmith, Fulham, C) said the Home Secretary had the prime duty of opposing the forces which sought to use the weapons of democracy to destroy democracy. They gave any Home Secretary power to discha ge any duty involving him that further they were in the constraints of the proposals under discussion would impose.

Mr Christopher Price (Levensay West, Lab) said the Home Secretary's arguments were breathtakingly ludicrous. In saying this he was involving himself in the kind they could not legislate. Home Secretary was really as they should not have any secret powers. It was because it was litigated before the courts certain matters might come which would endanger democracy.

Mr Mikardo's new claim registered his 284 votes to 224 Government majority. 50. Voting the other amendments was taking place during the night.

Keeping councils to spending limits

Mr Tom King, Minister for Local Government and Environmental Planning, said Opposition had charged that the Government was departing the practices of a police state in penalizing overspending authorities.

Mr Gerald Kaufman, chief Opposition spokesman on the environment, (Manchester, Ardwick, Lab) said: "It is not a fact that the Government's expenditure targets are set in a way that Cumberland, with poor services, is penalized for a 20 per cent overpend on the Government target for Suffolk, also with poor services, is penalized for a 10 per cent overpend. It is not a practice of a police state to impose retrospective penalties for offences which are not offences at all but completely legal decisions."

When will the Secretary of State be seen acting like the Minister of local government?

Mr King (Bridgwater, C): The target we have indicated for local authorities was set out clearly in the circular. It is not a reduction in the 1978-79 expenditure. To the extent that some authorities do not achieve it, others will have to do more if the overall targets are to be met. There is no question of retrospective action.

There is nothing to be imposed before Parliament has approved it. The only relevance to a commissar in local government is the activity of some local authorities under Labour control that are seeking to make the possession of a party card the criterion for appointments to senior officer level in their authorities. That is the activity of a commissar, nothing we have done on this.

Mr Kaufman: If he is denying that the Government is behaving in this totalitarian way, would the State which local authorities he is going to penalize so that they

Will he also state the penalties they are going to be subjected to which he does not know and not announce, and yet make taxpayers liable to pay later the penalties? That is the action of a police State. He cannot deny it.

Mr King: It is interesting to see how quickly Mr Kaufman and his colleagues are distancing themselves from their former late colleague Mr Anthony Crosland, who recently needed the need for economic local government in the speech I made saying: "The party's on now."

We will make clear to local and central government that we seek to reduce the targets we are seeking and we shall put such information before the House. At the moment we cannot present any proposal because we have not had the revised budgets.

The Government, like previous governments, has to observe the limits of the public purse.

Mr John Golding (Newcastle-under-Lyme, Lab) said that the simple answer must be to so

...that this particular amendment would give the House of Lords that right could not happen.

I do not accept (he said) that it would be impossible for the Government to make a case for the danger: that there is no way in which the Government can lay down in statute the conditions under which telephone tapping can take place without the Government facing a challenge in the courts on that point.

Mr Roy Hattersley, chief Opposition spokesman on Home affairs, Birmingham, Sparkbrook, Lab) said that the Government's intention to authorize interception without which the growth of disapproval by the Home Secretary and yet he was urging MPs to support the bill.

He made an unusual statement on the illegality of such behaviour and imposed a penalty on people who

The most important part of the amendment was the one sought to place on a statutory basis the methods by which authorized interceptions were approved and supervised. That was a matter of principle.

At the moment there was no statutory, objective or material basis for the authorization which was used sparingly. A party who may be aggrieved had no legal redress. There were no formal enforceable rules by which the Home Sec'dry must abide. The amendment did not more than propose to place a comparatively unambiguous terms.

Mr Martin Stevens (Hammersmith, Fulham, C) said the Home Secretary had the prime duty of oppos-

ing the proposals and the power to decide if any duty is not involving him any further they must be in the restraints of the proposals under discussion.

Mr Christopher Price (Lewisham, West, Lab) said the Home Secretary's arguments were breathtakingly ludicrous. In saying that issues involving secrecy of kind they could not logically be Home Secretary was really saying they should not have any of secrets legislation at all because it was being brought before the House concerning matters might come which would endanger democracy.

Mr Mikardo's new clause—enacted by 284 votes to 224—Government majority, 60.

The amendment was taken place during the night.

Keeping councils to spending limits

Mr Tom King, Minister for Local Government and Environmental Services, denied an Opposition claim that the Government was undoing the practices of a police plan in penalizing overspending.

Mr Gerald Kaufman, chief Opposition spokesman on the environment, Manchester, Ardwick, Lab) asked: Is it not a fact that the Government's expenditure targets are so demanding that Cumbria, Lancashire and Lab) have been penalized for a 20 per cent overpend on the Government target and that Suffolk, also with poor resources, are being penalized for a 10 per cent overpending?

Is it not the practice of a police plan to impose retrospective penalties for alleged offences which are not offences at all but completely legal decisions?

When will the Secretary of State stop acting like the chairman of a committee of the

Mr King (Bridgewater, C): The target we have indicated for local authorities was set out clearly in the circular—a 5.6 per cent reduction against 1978 expenditure.

To the extent that some authorities do not achieve it, others will have to do more if the overall target is to be met. There is no question of retrospective penalties.

There is nothing to be imposed before Parliament has approved it. The only relevance to a commissar in local government is the ministerial activity of the Government under Labour control that are seeking to make the possession of a party card the criterion for appointments to senior officer positions in their authorities. That is the activity of a commissar, nothing we have done on this.

Mr Kaufman: If he is denying that the Government is behaving in this way, why would he want to establish local authorities he is going to penalize so that they

Will he also state the penalties they are going to be subjected to which he does not know and will not announce, and yet which ratapoilers will have to pay if they are subjected to a declaration of police state. He cannot deny it.

Mr King: It is interesting to see how quickly Mr Kaufman and his colleagues are distancing themselves from their former late colleague Mr Anthony Crosland, who received the need for economical local government in the speech I made, saying: "The party's on now."

We will make clear to local and regional authorities that we seek and we shall put such information before the House. At the moment we cannot present any proposal because we have not had to reach a basic principle.

The Government, like previous governments, has to observe the

all targets of public exposure

THE ARTS

Helpmann's vigour and imagination still undimmed

Sir Robert Helpmann does not like to get stuck in the past. When we met to talk about the revival of his ballet *Hamlet*, which opens at Covent Garden tonight, he was far more keen on telling me of his future plans. They involve flying to New York this weekend, then on to his native Australia and afterwards back to America.

Most of that journeying is for opera rather than ballet. In Australia he is to stage *Alcina* for Bonnygo. "I think it's the first time a Handel opera has been done in Australia. It's difficult to produce, because it's so static, but beautiful music. Perhaps it is an acquired taste, but the audience must be given the chance to try it. And then I am to do two operas in Washington, including *The Rake's Progress*, so that is quite a spectrum of interest."

Before that, however, is a little matter of a gala performance for Prince Charles on April 12. "It's in my home town of Adelaide, and they have asked me to take part, yet I haven't the faintest idea yet what I shall be doing. Also there is a possibility that I might perform in a musical in New York: *Chanel*, with Diana Rigg. I'm told it's beautifully written, and there would be a marvellous part for me, but we shall have to see."

Then Margot and I have talked about doing a programme about how we did what we did, and how it lasted. Not a lecture, a performance, because we were always very theatrical people: well, I was; she was more reserved at first but she has changed.

Which brought us to the ballet, *Hamlet*, first given in 1942 at the New Theatre (now the Albany) with Helpmann in the title part and Fonteyn as Ophelia. Tchaikovsky's music—designed by Leslie Hurry. "They were his first work in the theatre, and sometimes he



Sir Robert Helpmann (right) rehearsing Anthony Dowell in *Hamlet*

would say to me jokingly 'You ruined my life' because he would much rather have been known just as a painter."

"I went to the Redfern Gallery and saw a little picture, no bigger than that. It was nothing to do with *Hamlet*, it was a landscape in fact, but it had the feeling I wanted for the ballet. So I asked if I could meet the painter. 'Oh no', they said, 'he's a surrealist, and very shy and nervous; he wouldn't want to work in the theatre.'"

"But surely I could at least meet him, I asked, and that was arranged. I told him my ideas, and he said yes, he saw it had to be done that way because the music is short, but he could not design it, because once he had done anything he would not be willing to alter it at all."

"I told him that I didn't see why I should want to change

anything he did, but suggested

that perhaps he would just do some sketches first, but spend too much time on it. Ten days later he arrived with everything finished, the setting and all the costumes. And they were just perfect."

"I think ballet has lost something in rarely using painters for the designs nowadays. And the dancers are wonderful today but not always theatrical. They have a marvellous

technique but the audience

wants to see character and drama too. So I have a very good cast, with Anthony Dowell, and Antonette Sibley making her comeback. She asked to do it; of course it's not difficult technically, but I think perhaps she is trying to ease her way back."

"I didn't really want to do it at first. I thought, this ballet is 40 years old, it's in the past, who wants to see it now? But

then I thought, there will be many people who have never

seen it. And now I'm interested to see it again. Yes, interested."

"When I arrived, I took it for granted that everyone knew what it was about. Then I heard two boys talking in the corridor. One said, 'What's that?' and the other replied, 'Some damned-didn't-the-go-out-in-a-bath?' I thought, good heavens, they don't know the play."

So I called them all together and explained what happens in the play, and how the ballet is arranged like a dream, just Hamlet's last

thoughts, so you get things like Ophelia and Gertrude

changing places with each other in his mind. Because of the music, that was the only way to do it."

"I've created a full-evening ballet, although I was

tempted by a couple of subjects, because I had no suitable music. I was between companies as a freelance, and did not have the facilities to commission a score. And I would not like a score made up from snippets of music, and I don't like *La Fille mal gardée*, or *Les Deux Pigeons*, but I think the music is written to a dramatic purpose."

"Now the Australian Ballet

wants me to revive one of the ballets I made for them. *The Playboys*. I'm not sure just how I shall fit it in. You know, it's a small play. I love London but I think last year I was only in

my flat here for about three weeks, and this time it will have been four. I haven't had time to go to the ballet because I've had rehearsals."

"But people sometimes ask me 'Aren't you going to retire?' and I ask them, retire into what. Into doing nothing? Impossible!"

John Percival

Arts agenda

Another Briton falls to Canadian narrow-mindedness

Canadian nationalism has claimed another British victim at the Stratford Festival in Ontario: Peter Stevens has resigned, after only six months as the festival's executive director, because of the opposition to a British holding a top post in such a national institution.

Stevens, who was formerly general administrator of the National Theatre, says his appointment was challenged from the outset. Then in November, shortly after his arrival, the Canadian Government barred John Dexter from taking up the post of artistic director, saying a Canadian should be sought instead. The new artistic director, John Hirsch, is very explicitly nationalist in his attitudes, says Stevens, and believes it is important that the theatre should be in Canadian control.

When the Canada Council, the equivalent of both the Arts Council and the British Council, told the festival they could not be sympathetic to any grant applications while I was still there, I said my position was untenable. So he resigned, and will probably leave in a few weeks' time.

He was originally brought in to work on turning Stratford into a year-round operation, with a theatre in Toronto, as the Royal Shakespeare Company has developed the Aldwych in London. But that plan has now been dropped, leaving the festival with a very expensive operation running for less than half the year.

Moreover, Stevens points out, delays caused by the dispute over the artistic directorship could cost Stratford \$1m in lost revenue.

After five years away from feature film-making, the director Lindsay Anderson is returning with *Britannia Hospital*, which he starts shooting in July for EMI and the National Film Finance Corporation. The project has echoes of two of his earlier films, *If* and *O Lucky Man*: it is a futuristic comedy, set in a hospital. In addition, Anderson is preparing to direct his first American film, *Dress Gray*, with a script by Gore Vidal. This also has some affinity with *If*—it is a murder mystery set at West Point military academy.

The Russian pianist Sviatoslav Richter is scheduled to return to Britain for recitals at the Festival Hall on July 12 and 14, and other appearances including the Cheltenham and Chichester Festivals.

The Tate Gallery has purchased a photo-collage 18ft long by the Cumberland artist Conrad Atkinson, whose work about Northern Ireland and Thelma Houston has created public ructions. This time he has exercised his propagandist skills closer to home: the 16 panels of *For West Cumbria* portray such local issues as unemployment and de-industrialization.

Atkinson believes landscape is not a politically neutral concept. His pictures are an attitude towards the Lake District as a high-income, middle-class, open-air museum, which isolates the West Cumbrian industrial strip physically and ideologically. The Tate has not yet put the work on display; no date for its exhibition has been decided.

Edna O'Brien's play *Virginia*, which transferred to the West End from the Canadian Stratford, will be heading back across the Atlantic for a Broadway presentation, probably in the autumn. An immediate transfer after the show closes in London on April 13 is not possible because Maggie Smith, who plays Virginia Woolf, is committed to the next Agatha Christie film, *Evil Under the Sun*, with Peter Ustinov repeating the role of Hercule Poirot.

NOT TO BE MISSED: English National Opera and London Festival Ballet join forces at the Coliseum on Tuesday in a Bartok triple-bill: *The Wooden Prince*, *The Miraculous Mandarin*, and *Duke Bluebeard's Castle*...

Martin Huckerby

I'm Getting My Act Together and Taking it on the Road Apollo

Irving Wardle

Feminism, for all its conquests elsewhere, has as yet made little impact on middle-brow musical theatre where the gender-belle and the twin-still reign supreme. The Rockettes are still high-kicking away in Radio City Music Hall, and it is the same story when you move up from the chorus line to the stars whom you would expect to be in complete control of their material. From Billie Holiday, Sarah Vaughan, it is the subtlety they put into the songs, not the songs themselves, that tell you who they are.

To bypass the alliance between showbiz and male chauvinism, Gretchen Cryer and Nancy Ford have devised a new kind of musical show which puts over the liberationist message loud and clear while also disarming all objections to it. *I'm Getting My Act Together* consists of an acrobatic troupe of women, a lead singer and her manager before her new act is unveiled to the pack of agents and DJs on whom her career depends.

Something nasty has happened to Hester since Joe last saw her in action. Her new material contains unflattering references to men leaving their

underwear around the house; there are four comments on childhood and marriage, and Miss America is advised to pick up her trophy and smash it into the television set.

There are also peculiar sketches with women spicing minstrel shows and draped in do-it-yourself equipment. The whole thing is downbeat, and many people are going to be offended. She should do herself a favour and go back to her old act.

This running battle between star and manager is cunningly inserted between the numbers for Hester (Diane Langton) and her group, some of which meet with Joe's approval and some which get through to him like a red-hot tack. The feminist manoeuvres are expertly varied. "Dear Tom", for instance, begins as a gentle farce, well to a former husband, but just as the manager is relaxing into moist-eyed enjoyment, the song breaks off for a court deposition in which the wife explains that living with dear Tom meant that she had to act the part of an idiot child.

The authors get their reliable mileage from the standard collision between an artist and a front-office salesman ("how do you sell bravery?", Joe asks her), but there is no more to the relationship than that.

By degrees it emerges that Joe is reacting not only as a manager but as a defeated husband whose wife is energetically blackmailing him with off-stage suicide attempts. So the relationship is as personal as well as professional.

entitled to call themselves

brothers.

Shaggy as Samsons unshorn,

they have a long loose, hippie-

ish air that identifies them as

American college graduates of

fairly recent date but belies

their professionalism and pre-

cision. Juggling can hardly come

more exciting than this: as

when Frodo's nineties create

graceful, grandiose and quirky

travelties, it approaches ballet.

But their special delight is the

death-defying act, and you may

well be glad when their piece

de resistance, with a flaming

torch, an act of self-sacrifice

man (have you ever dropped a

bottle of something bubbly?), a

guitar, a hatchet, a fish and

a frying pan stops and turns

into an omelette party with

celebration glasses all round.

LSO/Abbado Festival Hall/Radio 3

William Mann

Last Saturday was the hundredth anniversary of the death of Modest Mussorgsky. Joan Chissell was able to lead our monthly records page, on the actual day, with her review of a new LSO Abbado disc devoted to that composer's music, much of it virtually unknown to present-day audiences. On Tuesday the same forces celebrated the centenary on South Bank with a programme containing many of the same items.

The concert went beyond the record by including Pictures at an Exhibition in Ravel's orchestral transcription, a familiar showpiece for the London Symphony Orchestra, and its principal conductor. Predictably the LSO's heavy brass distinguished itself, as did the horns and the solo saxophone (Abbado sensibly omits the redundant bar that Ravel added to "The Old Castle"). With a tumultuous thunder-sound doing duty for tam-tam in "The Great Gate of Kiev", this made a rousing close to the concert.

A further bonus was the set of Songs and Dances of Death, given with Shostakovich's orchestral transcription of the piano accompaniment, yodeling horns for Death's "strange serenade", a life and drum

band for Field Marshal Dearth's address to his lifeless troops, and equally spirited horns for the "Trepak". Nicolai Gaiurov was the singer, at first more restrained than expected (he was reading from the music), his high register in splendid condition, though the Field Marshal in the last song suitably authoritative.

Beside Ravel and Shostakovich, the concert brought forward Rimsky-Korsakov as Mussorgsky's chief (indeed notorious) editorial intermediary, in the four choral items included also in Abbado's centenary disc. There was nothing here as gripping as the crowd choruses in Boris Godunov, although the chorus of Priests from *Salomè* has a sensuous beauty reminiscent of similar moments in *Khovanshchina*, and the Temple Scene from *Oedipus* (both operas are fragmentary) works its way to a stirring climax, with positive orchestral assistance.

The four orchestral pieces which began the concert were all unadorned Mussorgsky. Of special value is the composer's own version of the tone-poem *St John's Night on Bald Mountain*, quite different in every respect from the well-known Rimsky-Korsakov version, and for much more individual and captivating. The symphonic intermezzo in B minor (not on the record) proved less appealing than Stasov's description of its origin in a peasant scene observed by Mussorgsky. But it was a happy, and revealing, commemoration;

Burne-Jones's tapestry design for *Arming and Departure of the Knights*

The artist as devoted craftsman

Bright Blossoms and Strange Birds Birmingham Museum and Art Gallery

The Order of the Day Whitworth Art Gallery, Manchester

John Russell Taylor

When fine artists decide to apply themselves to other disciplines, one can never be quite sure how things will turn out. To an extent it depends how seriously they take their incidental design functions, and how much they bother to find out about the special requirements of the new medium.

Few, I admit, can juggle with sticks and apples, swoop them in mid-air, eat the apples and tell sophomoric jokes at the same time, but a marriage of genius and gaps is a sorry sight. Since limitless technical skills seem within their grasp, that is surely the way to flesh out an evening.

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anyhow he did, but suggested that perhaps he would just do some sketches first, but spend too much time on it. Ten days later he arrived with everything finished, the setting and all the costumes. And they were just perfect. "I think ballet has lost something in rarely using painters for the designs nowadays. And the dancers are wonderful today but not always theatrical. They have a marvellous technique but the audience wants to see character and drama too. So I have a very good cast, with Anthony Dowell, and Antonette Sibley making her comeback. She asked to do it; of course it's not difficult technically, but I think perhaps she is trying to ease her way back. "I didn't really want to do it at first. I thought, this ballet is 40 years old, it's in the past, who wants to see it now? But

ingham until May 4 is as near comprehensive as may be on the printed and woven fabrics, and has a splendid variety of the tapestries and embroideries, some of the latter, we learn, worked by Morris himself and his wife. The catalogue is in fact a finely illustrated book full of original scholarship as well as entertaining and sometimes bizarre personal details; it is published by Thames and Hudson at £5.50, or £3.95, if you buy it at the show, and well worth the money.

If the idea of the show sounds a bit forbidding, do not be put off. Though I doubt the original intention was to make a contribution to scholarship rather than doing just another Morris show, the material itself precludes dryness. The predominant effect is one of colour and gaiety and life. Morris himself was no great shakes as a painter, and always seemed very awkward with figures, but as a pattern-maker he was a genius, able to combine strength with delicacy and to ring infinite changes on basic forms of leaf and flower. With the tapestries, where human figures were usually required, Burne-Jones came into his own; indeed, the special disciplines of the form seem to have pulled his draughtsmanship together remarkably, so that his tapestries, like his stained glass, avoid completely the boneless wonder look of many of his drawings and paintings.

Along with the textile show there is a smaller show drawn

almost entirely from the gallery's amazing collection of Pre-Raphaelite called *Pre-Raphaelites at Work*, which lets us behind the scenes of the preparatory stages of much of their craftwork with original designs and works-in-progress including such rarities as all known to survive of Burne-Jones's costume designs for *Comyns Carr's King Arthur* in 1895. Again, the lesson is clear: seriousness of purpose does not necessarily make great art, but it certainly can help.

Further behind-the-scenes insights on (earlier) nineteenth-century art can be had at the Whitworth Art Gallery, Manchester, where, until April 20, there is a show called *The Order of the Day* devoted to the work and career of Thomas Harrison, builder of Chester Castle and great apostle of the Greek Revival in the North-West. It seems that personally he was notoriously difficult and cussed, and a number of his best buildings are under threat, even if they have not already been destroyed. But this show, organized by the postgraduate course of art gallery and museum studies at Manchester University, makes a strong case for attention to the past, and reveals Harrison not only as a highly inventive designer but as somebody obsessed with architectural thought: many of his drawings are beautiful in themselves and have absolutely no practical purpose other than to satisfy their creator, whose architectural fantasies sometimes rival Boullée's.

overcome that disadvantage. The orchestra, under Barry Wordsworth, played below its usual standard all evening, most of all in *The Rake's Progress*. Gavin Gordon's score is not one of the masterpieces of modern music, but its well crafted mixture of comedy, sentiment and pastiche can sound much better than it did this time.

Doreen Wells, back with the company on a guest engagement, played the betrayed girl; her first time in the role, I believe, and her dancing proved near but not very expressive. Stephen Jeffries's gripping account of the rake deserves a better foil. David Bindley as the sailor and Denis Bonner as the jockey brightened small roles; but what has happened to the colour of the bawdyhouse dancer's stockings?

Ninette de Valois presumably supervised the revival of her choreography; someone needs to sharpen up production

details of John Cranko's *Pineapple Poll*. Even so, this had the best all-round performance of the evening, in the pit and on stage, not least for Brenda Last's gloriously robust account of the title part. There was an attractively lively spirit among the crew of RMS Hot Cross Bun, and no less so when their disguised replacements took over nautical duties under the appropriately flashing eye of Carl Myers as Captain Belaye. Christine Aikman made a sweetly comical Blanche and June Bigham showed an unusual sense of her talents as the garrulous Mrs Dimple.

Sculpture show Work by the British sculptor Philip King, including the new sculpture he has designed for Fulham Broadway, will go on show in an exhibition at the Hayward Gallery from April 24 to June 14.

English National

April/May

Bartók Triple Bill

New Production

to celebrate the Bartók Centenary in collaboration with London Festival Ballet

Duke Bluebeard's Castle/The Wooden Prince/The Miraculous Mandarin

April 7/9/10/11/16

Julius Caesar

Handel

1979 Evening Standard Award for Outstanding Achievement in Opera

Cast includes Janet Baker and Valerie Mason

April 11/15/18/22/24/30 May 2

Ariadne auf Naxos

Richard Strauss

New Production

April 23/25/29 May 1/6/8

Anna Karenina

Iain Hamilton

World Premiere

May 7/11/16/19/22/29

The Barber of Seville

Rossini

May 9/13/15/20

Salome

Richard Strauss

Cast includes Josephine Barstow

"...performance of surpassing virtuosity"

—The Times

May 18/21/23/26/30

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Football

Dalglish is trump card for Liverpool

By Norman Fox
Football Correspondent
Liverpool 2 West Ham 1

Liverpool's fear of losing the financial support of European football was sufficient to bring them the League Cup for the first time after last night's exhilarating final replay at Villa Park. The opportunity to assure themselves of a place in next season's UEFA Cup, while still having a chance of entering the European Cup as holders, was taken after conceding the first goal and some of the control in the second half. Much of Liverpool's past experience surfaced in this final match that outshone the original game at Wembley. They recovered quickly after Goddard scored for West Ham United in the first minute and they made no more serious errors.

West Ham, for all of their effort, were tactically over-shadowed. Their best chance of victory came with breakaways and, in the second half particularly, they might have gained better rewards if it was Liverpool's relentless and inventive progress in the first half that broke them and the wonderful skill of Dalglish that they could not master.

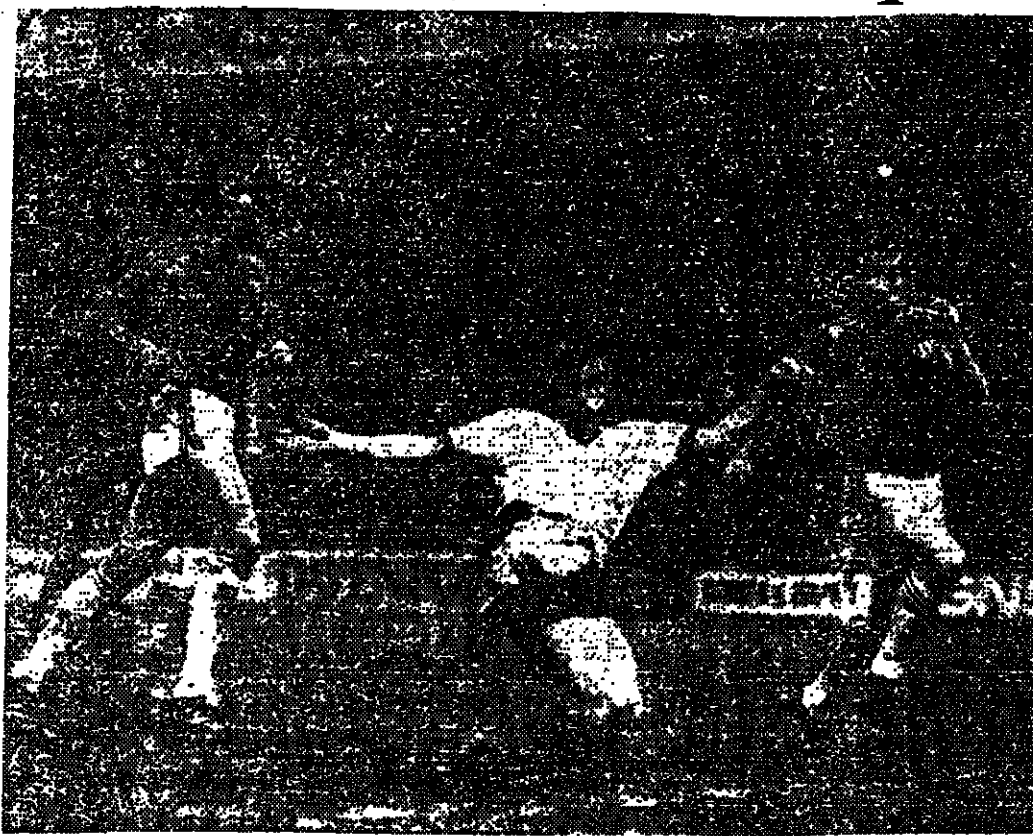
Although only the name of Rush, a young Welsh forward, was less familiar than the rest, the Liverpool team had undergone pre-match alarm with Soules, Johnson and Fairclough all unit and Highway falling a fitness test as late as yesterday afternoon. True, Thompson reclaimed his place in the defence, but the champions were not used to being so debilitated, even in this season of uncharacteristic snags.

Rush was both the initial hope and the cause of Liverpool's immediate discomfort. After he had shown a left footedness to intercept, the game's first promising opening in the West Ham penalty area, his intervention caused Liverpool's early, powerful attacking to be set back. Dalglish had twice given Parkes cause to save from a header and shot, and Rush was putting him under more pressure when he lost the ball.

The mistake allowed Brookling to send Neighbour tearing up the right wing. Hansen made an unsuccessful attempt to intercept, but further and centred to the near post where Goddard made a prodigious leap to head the ball into the net.

So Wembley's maiden occasion was a triumph for West Ham, with a long, rapid and typical breakaway in the tenth minute had snatched profit out of Liverpool's commitment to attack, and probably they thought they had found the key.

The current still flowed towards Parkes and it was unrelenting. Lee's driven volley extended Liverpool's lead to two goals, and the little midfield player's energy



Bonds (left) and Pike are helpless to prevent Dalglish equalizing for Liverpool.

put him in a position to give Rush time for a shot onto the angle of bar and post. Amid an atmosphere of intense expectancy that flowed off the high tarmac behind Parkes Liverpool were storming the West Ham goal. Ray Kennedy raised the decisive header still when heading over the cross bar before, after 25 minutes, Liverpool's crushing power was combined with delicate subtlety.

McDermott weighted a superb chip forward into the West Ham penalty area. Dalglish could hardly have been aware that an opportunity had been conceived behind his back, yet as the ball came over his shoulder he

was not to be deceived. He took a piston, and rapped the ball into goal.

There was an inevitability about Liverpool's equalizer and they were not to be deceived. Rush, the new boy playing only his second senior game, was

placid and quick, giving Martin no time for considered clearance. Whether Martin was fully recovered from his ankle injury was not something he had been prepared to admit.

Liverpool's goal was followed, four minutes later, by a second. This time Cape's corner found Hansen climbing high above the defence as his header came down,

Dalglish and Bonds seemed to meet the ball almost together and the West Ham captain's knee unhappily deflected it into his own net and although Stewart lashed an enormous shot into Liverpool's side-netting West Ham finished the first half where they had spent a considerable time—penalty back at their own end.

Much as West Ham tried to compose attacks from the back and to find space behind the opposition's full back, they were victims of Liverpool's revived determination. Suddenly, Liverpool had seen their prize, but for some exceptional goalkeeping from Parkes, they would probably have extended their lead early in the second half when Dalglish, now at his elusive best, was obstructed.

McDermott touched the free kick to one side and Neal's drive was not only stopped in a full length dive by Parkes, but gripped and held.

The hope of West Ham was to break out while Liverpool were extended but when Martin was at the end of such a move he found himself being tackled by Parkes, and Dalglish soon drew the game back into his range, a magnet to Liverpool's attacks, and Hansen climbing high above the defence as his header came down,

Where Liverpool's experience told was in defence. As West Ham tried so bravely to revive, so Thompson blundered their hopes. The other defenders always looked to him and although Stewart lashed an enormous shot into Liverpool's side-netting West Ham finished the first half where they had spent a considerable time—penalty back at their own end.

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Rugby Union

England take time to discover the Trick of spreading their wings

By Peter West
Rugby Correspondent

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Squash rackets

Bowditch's facade conceals so much

By Rex Bellamy
Squash Rackets Correspondent

The British open championships sponsored by the common with Wimbledon changes character at half past mark. The first half more fun. The second half more serious. The first half more fun. The second half more serious. The first half more fun. The second half more serious.

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Wanted: the clear cool minds of an inner Cabinet

Ronald Butt

The next six months should tell us whether the faith of the monetarists in the Cabinet, or their Keynesian colleagues' fear, has been vindicated. We should discover in that time whether the "bottoming out" of the recession is leading to the genuine recovery that Mrs Thatcher and Sir Geoffrey Howe discern in the business cycle, or whether the Keynesians are right to argue that adequate recovery will not come without the application of more Government money to public sector investment.

In the meantime, Cabinet government hardly operates with the neatness that appeals to the constitutional analyst, and the apparent failure of the Cabinet to give serious consideration to the question whether an industrial strategy is now necessary inevitably revives the opinion, particularly in the business world, that the Government organizes itself badly.

If only, it is said, the Cabinet were organized to give itself the chance to form a dispassionate and undogmatic assessment of the future and to devise a strategy, as businessmen do. Inevitably this leads towards the idea that what is needed is something like a board of directors, able to give a cooler and more hard-headed direction to policy because they were free of the minutiae of departmental pressures.

It is anything but a new notion. The idea of a "policy Cabinet" which could solve the problems that defeat a Cabinet of 20 mixed departmental and non-departmental ministers goes back to the early years of this century. This concept assumed that a Cabinet consisting of a few of

the most experienced and able ministers freed from departmental duties would be able to reach "correct" policy decisions in a way impossible for the present mixed-bag and large Cabinet. The management of departmental duties would be left to departmental ministers, who would in effect become executives rather than creators of policy. Not much imagination is needed, however, to see that such a system would strike at the very heart of the responsibility of ministers to Parliament. When a policy went wrong, or was challenged in the Commons, who would answer for it—the super-Ministers who had thought it up (and if so which one of them?) or the departmental drudge who was responsible for giving it flesh and bones?

This problem was not, of course, a serious obstacle for those who argued that the more Parliament and Cabinet were detached from each other the better. The idea would have been quite happy to see something of the American system of the separation of powers between the executive and the legislature imported into our Constitution.

But the separation of powers in the United States only functions as well as it does because the separation is genuine and provides for both the (executive) President and the (legislative) Congress to be separately elected by universal franchise—each having direct responsibility to the voting public.

A British Prime Minister and Cabinet, however, are not directly elected. The electorate can only reach them through Parliament, where they must have a majority. To do anything

to impair their obligation to answer to Parliament would be to strike at the heart of parliamentary democracy.

The more conventional objection to a "policy" Cabinet, however, is that it would be too detached from political and party influences and from popular and departmental opinion to be able to deal successfully with the politics of real life. This is a criticism that seems to me to be unanswerable.

The nearest to a successful application of the policy Cabinet concept has been in the exceptional circumstances of war, when all policies are subordinated to an over-riding objective. The Lloyd George coalition formed in 1916 was headed by an almost entirely non-departmental war cabinet of five (the only member with a department was Bonar Law, the Chancellor of the Exchequer) which enabled the Cabinet to initiate policy unimpeded by departmental duties.

In the Second World War, Churchill began by trying to reproduce the Lloyd George model, with a Cabinet of five. He himself was both Minister of Defence and Prime Minister, the only other departmental member being Halifax at the Foreign Office. In fact, however, the direction of the war was almost entirely in the hands of Churchill himself, dealing directly with the service chiefs and appropriate non-departmental heads; and other departmental ministers were gradually brought into the War Cabinet, which gradually lost its non-departmental character. In his post-war Conservative government of 1951, Churchill, in a Cabinet of 16, attempted a scheme of "overlords"—co-



When an inner Cabinet had to work: King George VI during the War with Winston Churchill, Clement Attlee, Ernest Bevin, Lord Woolton and Oliver Lyttelton.

ordinating or supervisory ministers, chiefly in the Lords. Highly unsuccessful, it was abandoned within two years.

The idea of the policy Cabinet, like that of the above-party coalition of all the talents, which appeals to distinguished retired politicians who would never have entertained the idea when they had a grasp on power, is therefore more attractive in theory than in practice.

Yet there is something to be learned in present circumstances from all these ideas which is relevant to present circumstances.

When Mrs Thatcher wants to dispute policy with her ministers, she does so to their faces, sometimes in public as well as in private. When they want to try to change her mind, they talk pretty freely in public and semi-public, but they do not plot. They do not want to overthrow her. Though some of them fear that her policies may lose the next election, they know that to overturn Mrs Thatcher would certainly do so. They therefore want to persuade her, rather than to publicly dispute her. The open argument is not unhealthy.

Even so, what is lacking is a mechanism for the Cabinet to stand back sufficiently to devise

a strategy for economic recovery. Too often the Government seems to be dominated by the obligation, which presses on any government, to deal with emergencies first.

Both sides in the argument about monetarism versus Keynesian economics should now accept that the monetarist basis of policy will not be changed, but that a properly devised edifice for recovery needs to be built (since events are proving that the Government has to intervene here and there whether it wants to or not) on what has already been achieved. Some ministers believe an industrial recovery is coming; others do not; many demand an industrial strategy. What is not in doubt is that such basic questions now need a new focus for examination.

The Government lost at least one year before coming to grips with public spending, so far as it has managed to do so. It cannot afford to lose another year wondering whether recovery is coming and in what form. It is already giving money, guaranteeing loans, to public and private industry when things get desperate, as with British Steel, ICL, British Leyland. It would like to attract

private money to public industry where possible (hence the enabling British National Oil Corporation Bill which is slipping badly in the parliamentary timetable).

Above all, there is the question of how to concentrate Government spending on constructive public sector investment without backtracking on the attempt to bring the total under control, and how to deal with the fact that we now labour under two rates of inflation—with the private sector paying for the much higher inflationary level (electricity, gas, rates, etc.) in the public sector.

What is now needed is not a non-departmental policy Cabinet, or some new device for bridging the gap between spending and non-spending ministers' attitudes, but rather a Cabinet group specially charged with examining all these questions of national recovery. Its members should not be ministers lacking the strength of departmental bases, but ministers from departments directly concerned with these problems who can sit back, as a group, from the day-to-day problems in order to formulate a coherent strategy involving all these questions.

equivalent of the Ninth Symphony or *Fidelio*, not-making it easier for the machine—the equivalent of the *Les Adieux* Sonata, not-making it easier still—the equivalent of the Piano Concerto No. 1, but something as brief, simple, obvious and unassuming as the eight-bar passage at the beginning of the *Andante* of the *Kreutzer*, in which the piano states the theme.

If I am right, there must be a reason. And the reason can only be that creation comes from a part of the human being—it does not matter, whether you call it heart, spirit, soul—that is simply not subject to laws and principles which can be translated into mechanical terms. Obviously, man is not a machine, less obviously, man is not an accident either.

It can, of course, be made more obvious still. Could a computer fall in love? Could it feel joy, pain, regret, jealousy, scorn, fear, humility, awe? Can it be amused and laugh? Go to, science, take your computer into the garden and bid it look up at Orion and tell you what it sees; it will reply that it sees, among other things, Betelgeuse and Rigel and a giant nebula, and it will give you much useful information, some of it possibly obtainable without the computer's aid, about the temperature and other properties of the constellation. Then ask it whether it feels the catch in the heart that marks out as human those who do feel it. And when it admits that it cannot answer the question because it cannot understand our dreams will not be troubled by visions of a future in which the computer is king.

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The remarkable resilience of Ronald Reagan

Ronald Reagan continues to confound all who watch him, friends or critics. The events of Monday were but the latest example, impressive though that was. Here was a 70-year-old man with a bullet in his lung walking under his own steam from car to hospital emergency room. There he underwent more than two hours of emergency surgery and emerged from it in a condition that would have been remarkable for one half his age.

Even the doctors who attended him were astonished at the stability of his vital functions, presaging a rapid recovery. One of them noted that his "physiological age" fell in the calendar.

So much for those who feared he might be too old for the presidency. His age is not the issue in the campaign, his friends and supporters were shocked that he might not be physically up to the demands of the job. We are not likely to hear of that again any time soon.

Mr Reagan, the fifth United States president to be the target of an assassination attempt in the century, beginning with McKinley in 1901 and running through the two attempts on Gerald Ford. Just why this should be so in this country, of all countries, must remain a puzzle.

The residents who have been assaulted by assassination targets have been Democratic and Republican: except for the Puerto Rican gang attempt on President Truman, all the attempts seem to have been the work of isolated gunmen.

What is unusual in the Reagan case is that he is the first President in office to be shot and to recover. Teddy Roosevelt, who was wounded in 1914 and also recovered, was then five years out of office. McKinley died within a few days of being shot; John Kennedy within a matter of minutes. All the others survived due both to his own efforts to keep his body in good shape and to sheer luck that the bullet did not hit his three inches closer to his heart. In many ways that's the story of his life, a combination of foresight and fortune.

Mr Reagan was elected President in 1980 because, in large measure, the times were right for him. He had been standing in the presidential wings since 1967 when, to everyone's surprise, he was elected Governor of California. But not until last year had disillusionment with a generation of liberal Democratic policies shifted the public mood enough to make him a strong presidential possibility. Before that he could not even win the Republican nomination.

But when the tide of fortune turned, Mr Reagan was ready to greet it. What the voters had come to feel about the state of the country he had felt for a long time, and he was able to articulate the people's feelings. Indeed, for a politician, President Reagan has been remarkably consistent in his political advocacy. Ten years ago, while still Governor of California, he would express to any visiting journalist essentially the same thoughts, frequently using the same words and homely parables, that he used so skillfully in his successful campaign. He did not have to change his rhetoric to fit a new political mood. He waited patiently until the public mood matched his own.

Since his election his consistency of thought and action have been about as remarkable. Every new president in the past

arter of a century, while campaigning for the office, has talked of reducing government spending, with a balanced budget promised in the near future, of cutting the people's taxes. To everyone's astonishment President Reagan from his first day in office actually set out to do what he said he would do.

What's more, he seems to have thus far carried the people with him, in defiance of the conventional wisdom that cutting the Government's budget is politically impossible. At least, his friends have been surprised, his foes confounded.

Mr Reagan is no deep philosopher or intellectual giant. What United States President of our times has been? He has proved more than match for the intellectual snobs who have sneered because he was once a film actor or scoffed at his use of the cop book maxim. What has he overlooked is that this man has lived a long and varied life and somewhere along the way found out who he is, what he thinks and why he thinks it. That's a rare thing for an man.

Two small incidents from Monday: when Mrs Reagan rushed to the hospital and asked him what had happened he replied, "I forgot to duck. And as he was wheeled into it



operating room he looked up at the surgical team and remarked, "I hope you are all Republicans."

One-liners, to be sure, and not even too original. But not lines fed by any gag-writers, to whom his scornful attitude to his wry humour. These are the words of a man a little lightened by what he faces but determined to face it with grace, a man who has come to terms with death as well as life, which is the measure of true courage. Such a man is not easily beat with any sword.

So the suspicion grows that there is more to Ronald Reagan than has met anyone's eye. I will no longer be surprised if he proves to be both strong and successful President, one who in the end captures the country's imagination and turns its direction about as President Franklin Roosevelt.

Vermont toyster

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Bernard Levin

Chess yes, sonnets no . . .

nothing, and Mr Owen's survey presents a formidable catalogue of advances into the future for us to contemplate.

The first fruit of that contemplation was, of course, the conjuring up of the already old science-fiction nightmare of computers—wicked or benign, according to taste—taking over the world. Though Mr Owen did not quite blot every door, the lines of progress in artificial intelligence that he mapped still leave the nightmare as the stuff of fiction rather than of genuine possibility; certainly, the task of human beings bent on taking over the world may be made easier by the computer systems of which he writes, but that is another matter. We may yet hear the midnight knock on the door, but the knuckles will still be flesh and blood.

But that leaves the field clear for what is, to me, the most interesting speculation of all. Artificial intelligence can, unprompted, rediscover mathematical and astronomical principles, work out extra but

hitherto unknown solutions to other such problems, and—as was found in the case of a scientist working in the field of plant diseases—devise for itself an investigative system which not only achieves a higher rate of success than the expert, but also has a higher rate of success than the expert when, armed with the new knowledge that his brainchild has offered him, he tries to improve the computer's programme; in other words, the computer can go further by itself than we can in conjunction with the human being. But the question that that alarming stuff raises is: is there an unbridgeable gap ahead of the computer as it marches on its apparently invincible way? Scientifically, it is not possible to answer "no" to that question: philosophically, I think it is, and what's more it had better be. Mr Owen, looking at this problem from a slightly different angle, quotes a study of it by Dr Margaret Boden of Sussex University, who says:

Far from showing that human beings are "nothing but machines", it confirms our insistence that we are essentially subjective creatures living through our own mental constructions of reality (among which science itself is one). In addition . . . it offers an illuminating theoretical metaphor of the mind that allows psychological questions to be posed with clarity. You should be able to see, Orson, striding broad-shouldered across the heavens, with

his glittering belt and his sword hanging from it; gaze upon him in silence, and ask yourself whether you do not feel a catch in the heart, and a sense of infinite wonder at the vastness and beauty of the universe. (If you do not, you should consider the possibility that you are yourself an artificial intelligence.)

No computer, actual or conceivable, can feel that. But why can a computer not feel it? Because in that sense of wonder and all it implies resides the truth about what it means to be human. And it is out of that truth that creation grows.

It is possible, theoretically at any rate, to put all the notes of every scale into a computer, together with all the technical information required to produce any number of combinations and arrangements of those notes, as well as all the rules of harmony and counterpoint, and a grasp of the principles of composition, so that the computer would be fed the nature of real music and would not just combine notes at random until they fitted into some kind of recognizable tune; in short, it is possible to programme a "computer" to write music. And if the information the computer is fed includes the development of music in the last century and a half, it will be, quite literally, very much more knowledgeable than Beethoven. But only a fool would wager a penny on its being able to produce on its own account not of course the

league. It is strange to find the *Morning Star* and *The Daily Telegraph* sharing the same rating only a shade clearer than *The Guardian*.

I suppose you had better know the full story. *The Times* is the second most incomprehensible national daily. There are ways of working these ratings out, but it would take far too much plain English to explain them. What most disconcerted me was to discover that all four of these newspapers were judged less intelligible than a document known as Standard Letter BF405, produced by the Department of Health and Social Security. Now that really is an insult.

Housing list

I am pleased to report that the Greater London Council has moved swiftly to restore one of the oldest small houses surviving in central London. It is 64 Neal Street, on the edge of Covent Garden. The GLC bought the house in 1977 as part of a package of properties. It was listed as early as the 17th century, but has since been found to date from the 1690s. It retained almost all its original features including stairs, panelling, fireplace surrounds and cornices, but must have had to be stripped out to allow for the restoration. Latterly the building was used as a rooming house. The GLC's Covent Garden committee urged in a report in February that it be restored



"This must be where I go wrong—I'm not using the right sleep-deprivation technique."

rapidly or it would soon be beyond redemption; the cost was put at around £77,000. Work has already begun on the building, which will later be let to a family of six on the upper floors, with the ground floor as a period shop. While on the subject of saving the less obvious parts of London's architectural heritage I am happy to report brighter hopes for the future of the Drapers' Almshouses in Priscilla Road, Bow, one of the most handsome groups of buildings in the East End, which have been under threat for years.

They were built around 1707 in Wren style, and are listed Grade 2.

In 1967 Tower Hamlets council sought permission to demolish them and re-erect them in Bethnal Green Gardens as a library, but the scheme ran into legal difficulties. Then in 1972 the GLC advertised an offer of a 99-year lease to anyone willing to restore the block, which consists of four tiny houses on either side of a chapel. Again nothing concrete happened; a westerly wind and weather have continued to do their worst, and the doors and windows have since been sealed with corrugated iron, making the place a weatherbeaten eyesore surrounded by council tower blocks.

Now I hear that a housing association wants to take the place over, restore it, and make six modern dwellings out of it. I hope they succeed.

St James's?

The Reform Club, one of the Pall Mall gentlemen's sanctuaries that still does not admit women to full membership, is making a third attempt to break down its self-imposed barriers of sex discrimination. Once again members are being balloted on the issue, and the result will be known at the end of this month. Members were canvassed on the issue last year, and came out two to one in favour of opening the membership list to

all sexes. But the move was blocked at the subsequent annual general meeting by a male chauvinist guard.

This faction claims that to admit women would cause many men to resign, and that new female subscriptions would not cover the loss. Bar takings would go down and new toilets would have to go in; and a mixed membership might prevent any future merger with another gentlemen's club of similar stature. And they add, although women are already allowed to use certain club facilities during the day, very few actually do so. Poppycock, say the pro-feminists. Women would raise the standard of membership, the club needs their money and no one has objected to the presence of women at lunch; and besides, a club that calls itself Reform really ought to live up to its name.

Canada droll

I have always imagined, no doubt unjustly, the Canadians to be a singularly dull race without any indigenous culture to speak of. I regret to say that a play with a Montreal setting which opens at the Old Vic tonight confirms my suspicions, for it shows that Canadians cannot summon up a decent insult. The play, *Balconville*, by David Pennario, centres on the tensions between British and French Canadians in Quebec. I

learn from Peter McNeill, one of the principal actors, that the worst a British Canadian can call a French Canadian is a "pessouper", a malediction, the supposed staple diet and drink of French Canadian manual workers. "Gorff" is also quite rude, being a backward form of the French expletive "goutte" (a drop) or "Maudit bloke" (cursed head) having highly pejorative overtones in Montreal. In addition, the French tend to use religious expletives, while the English would employ the sexual.

It is curious that different races should see in terms of the things the most fear: the Frenchman GI and the Englishman his private parts. With the gradual leakage of ancient taboos I expect that swearing in a future will be in terms of the last great taboo, death.

But when it comes to wishing mischance upon one's enemies, no one can deliver a curse like a New York swab in: "May a fleet of ship bring you a fortune of gold and yet it not be quite enough to pay your doctor's bills."

"Reagan gns Bill as he recovers" said the *Financial Times* mauling headline yesterday. Heavens, c't these American doctors 'til until he's better to get paid.

Alan Hamilton

Remember her?



Please do!

She is now being cared for by RUKBA with a life long annuity and, should it ever be necessary, a place in a Residential Home or a Sheltered flat, but we have no pictures of the ever growing number of others like her who are in desperate need of RUKBA's help.

RUKBA is the Charity which looks after the impoverished and/or infirm elderly of professional or similar backgrounds—people who, in their prime, did so much for others, and are today struggling to exist themselves. Will you help us now to give them the security and help they so greatly need?

Last year we spent nearly £1½m assisting over 4,800 people. Only the amount of your donations and legacies can decide how many more we can help this year. Please be kind and support our work with a generous contribution—and please remember RUKBA in your Will.

THE ROYAL UNITED KINGDOM BENEFICENT ASSOCIATION (Founded 1863)

Patron: Her Majesty Queen Elizabeth the Queen Mother.

RUKBA

To: The General Secretary, RUKBA, 6 AVONMORE ROAD, LONDON W14 8RL

I'd like to help—here's my contribution

Name _____
Address _____

T281

§ Forward bargains are permitted on two previous days:

[illegible]

THE TIMES

BUSINESS NEWS



Why Bonn
may dilute
bank
reform, p20

Stock markets
FT Ind 329.8 up 1.7
FT Gilt 70.13 up 0.27

Sterling
£2.290 down 55 pnts
Index 100.2 up 0.1

Dollar
Index 100.0 up 0.2
DM 2.1045 down 10 pts

Gold
£517.50 up \$10

Money
3mth sterling 12.12
3mth Euro 5 14.14
6mth Euro 5 14.14

IN BRIEF

Littlewoods profits collapse by 72pc

Profits before tax of the Littlewoods Organisation, the co-operative mail order, chain store and pools company, crashed from £14.1m in 1979 to £4.1m last year. Retail sales, up by only 7.7pc to £1,063m, are blamed for the 72pc decline in profits. Profits from the pools operation, which in a normal year account for about 15pc of Littlewoods' profits, were improved at £7.1m. But 110 chain stores, accounting for about 40pc of the total operation, and mail order contributed only £3.5m in profits.

Littlewoods is still a private company of which Mr John Jones is chairman. In a statement on the preliminary profit figures for the year to the end of last December he said retail profit margins came under severe pressure because of depressed consumer spending, intense competition on the high streets and an 18pc increase in costs.

Bank pay progress
The Clearing Bank Union is expected to tell bank employers that a majority of its members have accepted a 10pc "final" offer. The N-UC affiliated union differs with the Banking and Finance Union, which has already held two-day local strikes in protest of the offer.

Interest rate talks
Finance ministers and central bankers from the "Group Five" industrial nations—Britain, the United States, Japan, West Germany and France—are expected to meet in London on April 10 for preliminary talks on interest rate policy and prospects for world economic recovery.

Stock demand 'small'
Demand for the Government's latest stock offering, 100m of Treasury 11s per cent 1985, was thought to have been relatively small at yesterday's tender. All applications were allotted in full at the minimum tender price of 99.1pc.

Hitbread jobs lost
Whitbread is cutting the workforce at its Luton brewery almost half to 305. Mr Roger Ham, managing director, said falling beer sales.

Urbane contract
JEC Gas Turbines of Leicester has been awarded a £3m contract by Ishikawajima-Harima Heavy Industries of Japan for the supply of two gas turbine drive units and a spare generator.

BS for Wales
More than 200 jobs are expected to be created over the next three years by the latest of companies to be allocated licences by the Welsh Development Agency.

Finance Bill tomorrow
The Finance Bill will be published tomorrow, a parliamentary answer said yesterday.

Wall Street higher
The Dow Jones industrial average closed 10.25 points up at 1,014.14. The S&P 500 was 18.58. The £ was 0.548082.

CBI complains of 'confusion' over budget energy cost concessions

By Patricia Tisdall
Management Correspondent

Industrialists, clashed with the Government over what they considered to be inadequate measures to help cut industry's energy costs at a truncated meeting of the National Economic Development Council yesterday.

Confederation of British Industry leaders who, along with senior Government ministers, crossed picket lines to attend the meeting, said they considered the Budget measures did not meet industry's needs.

The CBI is particularly angry at the absence of a relief on heavy fuel oil duties because of what had been interpreted as an implied promise of help given by Mr Howell at last month's NEDC meeting.

However, the expected row yesterday was averted by the absence of the six TUC delegates who did not want to cross Civil Service picket lines to attend the meeting. The trade unionists were expected to have supported the CBI in pressing for more concessions on industrial energy prices.

Sir Terence Beckett, the CBI director—general described the atmosphere as "friendly" although he said that "many thousands of jobs are involved in the energy costs more in line with those of its competitors".

The meeting confined its agenda to a discussion on energy prices and Government action arising from the report of the NEDC task force a month earlier. A short statement issued by the National Economic Development Office afterwards said that the subject was "considered sufficiently urgent to warrant immediate debate".

Mr Howell opened the discussion with a description of recent concessions on gas supply contracts and the new electricity tariffs. On fuel oil he said that the Government expected suppliers to charge competitive prices but added that "consumers, too, have an important part to play in ensuring a vigorously competitive market through their own purchasing arrangements".

While remaining strictly non-committal, Mr Howell nevertheless indicated that further flexibility in electricity tariffs was being explored. The steel industry is among heavy users, along with chemicals, campaigning for a reform in negotiating arrangements for electricity.

Mounting losses force Weir reorganization

By Ronald Pullen

Britain's recession-hit engineering industry has suffered another casualty with Weir Group forced into a big capital reconstruction because of mounting losses and a severely weakened balance sheet.

The move comes after one of the worst-ever trading periods for engineering companies with profit collapses common in many of the largest businesses and amid persistent stock market fears of a major crash in the sector.

Part of the financial picture worked out by Weir's bankers, led by the Royal Bank of Scotland, is that Lord Weir gives up his role as chairman.

Sir Francis Tombs, former chairman of the Electricity Council, has been appointed in his place and Lord Weir becomes vice-chairman.

The new financial arrangements involve the injection of £6.2m of new cash through a one-for-one rights issue of 25 million convertible preference shares. This is to be underwritten by Finance Corporation for Industry—1983 is also deferring until 1988 repayments of £1.6m due this year on a £11m loan—the Scottish Development Agency and Equity Capital for Industry.

The group's 12 main banks are also converting 10 million of their outstanding loans into 40 million preference shares and they are making available a further £37.7m cash and bond facilities, which contain certain restrictions such as payment of dividends.

The reconstruction comes after two years of deteriorating conditions for Scotland's leading engineering group. Remedial action began in 1979 but closures, redundancy costs and trading losses have weakened the balance sheet and shareholders' funds have fallen from £48m in 1976. Weir also announced its figures for 1980, showing a £10.3m turnaround into losses of £8.3m. Dividend has been passed.

Weir's problems have been concentrated in the pumps division where there was a £5.5m reversal to a trading loss of £2.5m last year. The group concedes that much of this stems from management deficiencies including cost overruns on major contracts which have led to heavy losses on contracts completed last year. These have now been rectified and an independent review of Weir's product lines has come to the conclusion that its industrial and commercial base is sound enough for the financial reconstruction to go ahead.

No promises are being made about the immediate trading outlook but further peripheral disposals are planned this year to help reduce borrowings.

Financial Editor page 21.

London Business School forecasts public borrowing at £2,000m above target Chancellor has 'no room left to reduce taxes'

By David Blake,
Economics Editor

The Government has no room to cut taxes before the next election unless it succeeds in reducing public spending, according to the London Business School. Ministerial hopes that they would be able to give away up to £2,000m in tax reductions have been overtaken by runaway spending, the school says.

The Government's medium-term financial strategy, published at the time of the Budget, forecast that the tax cuts would be spread evenly between next year's Budget and that of 1983. Even this figure was considerably smaller than the hopes of tax reductions which the Chancellor held out when the

strategy was drawn up in the Spring of 1980.

Public borrowing in the coming financial year will be £12,500m, £2,000m more than the Chancellor was aiming for in his Budget, according to the business school.

These gloomy forecasts are made by the school in a paper submitted to the Commons Treasury Select Committee. Although the school is generally regarded as very close to the Government thinking the paper shows the problems which the Chancellor is likely to face in making his strategy stick over the coming years. But the paper is slightly more optimistic than the Government about prospects for output.

Dr Alan Budd, director of the school's Centre for

Economic Forecasting, was an adviser to the Treasury committee until he resigned last month in protest over its report on monetary policy.

The paper expects public spending during the financial year 1981-2 to be significantly higher than Government forecasts. This is because the school feels that the Government is underestimating the likely cost of its spending plans.

It points out that cost estimates were more than £1,000m too low during 1980-81 and that there is no reason to believe that things will be any better this time.

The forecast public sector borrowing requirement of around £12,500m during the coming financial year is expected to be consistent with the Government's aim of limiting the growth in money supply to between 6 and 10pc.

The paper also suggests that present Government policy will achieve a fiscal stance similar to that desired in its medium-term financial strategy, but with higher taxes being used to pay for more public spending than originally planned.

The school expects output to fall about 1pc per cent during 1981, a smaller decline than the 2pc per cent the Treasury is predicting. But the forecast is more pessimistic about prospects for inflation, which sees sticking at 8pc per cent until the summer of next year, rather than falling to 8pc per cent as the Government expects.

Dr Budd: gloomy forecasts on rate of inflation.

Soaring budget deficit facing America, Wall St analysts say

From Frank Vogl
U.S. Economics Correspondent
Washington, April 1

America's budget deficit this year may be far greater than the near record \$55,000m already set by President Reagan's administration.

A series of private forecasts point to a deficit of between \$80,000m and \$85,000m.

This development could radically change Congressional attitudes towards President Reagan's economic recovery programme and dramatically alter the outlook for America's interest rates and financial markets.

American bank rates are falling and they may drop very sharply soon. But fears are mounting on Wall Street of a further upswing in rates within a few months, as the Federal Reserve Board maintains tight money policies and the Government is forced to borrow record amounts of cash.

Many American banks have cut their prime rates to 17pc over the last two weeks

and yesterday Chase Manhattan moved from 17 1/2pc to 17pc. Mr David Rockefeller, Chase's chairman, said he expects rates to continue downward.

The demand, particularly from the banks, is falling and there were no market indications yesterday that the federal reserve board's chief policy committee took any decisions at its monthly meeting to alter money policies. So a 16pc prime rate could be established soon.

But the rising level of the budget deficit is overshadowing the medium-term interest rate outlook. The Administration has predicted that this year's deficit will be about \$5,000m below last year's total of \$59,600m. February's deficit was \$15,600m and for the 1981 fiscal year so far it is \$56,000m.

Economists at Manufacturers Trust Bank are warning that if budget trends persist then the deficit for this fiscal year will be \$85,000m. They added: "Unfortunately these

troubling news may not persist, they may worsen."

The economists pointed out that both defence and social welfare spending are running ahead of the Government's estimates.

Economists at the Commercial Credit Corporation estimated a budget deficit of a record \$86,000m.

They said that a delay in the implementation of tax cutting plans, from the final quarter of this fiscal year to the start of the 1982 fiscal year in October, will save only \$3,000m. It appears that "even assuming the best case" the 1981 fiscal year deficit might be \$83,000m.

But in the short-term it is widely expected on Wall Street that private demands for funds will be the prime influence on interest rates. The commercial bank prime rate has fallen sharply by 4pc per cent from its record level of 18pc in 1979 and later in 1976 and shorter-term rates have fallen even faster. This rate is now over 4pc per cent above commercial paper rates.

Maxwell plan to raise BPC stake to 76.9pc

By Richard Allen

Mr Robert Maxwell yesterday unveiled a "survival plan" for BPC which if approved will bring Britain's biggest printing group under his personal control.

Through his privately-owned Pergamon Press, Mr Maxwell is to inject £10m into the stricken group in return for new shares which will raise its stake from under 30pc to 76.9pc.

The scheme will involve National Westminster, the group's bankers, in converting £6m of outstanding loans into preference shares and extending new borrowing facilities totalling £41m—some of it at concessionary interest rates.

In a letter to shareholders today, Lord Kearton, recently appointed chairman of BPC, states that without a drastic overhaul the company cannot survive and receivership would be inevitable.

A 32-page document outlining the proposals shows that interim dividends of £6.7m will be paid to £11.3m at the year end. This and a £14m provision to cover rationalization moves would reduce net assets to £24.3m where they would be outweighed by debts of £54m.

Mr Maxwell said yesterday that his scheme provided the chance for BPC to move "out of the terminal ward into recovery". "If it is not approved then we move to the mortuary," he added.

Ordinary shareholders, who face the prospect of seeing their equity diluted by two-thirds, will have to vote on the plan on April 24. Other meetings are planned for preference shareholders who are to be bought out at prices under par.

Mr Maxwell's plan to restore profitability will involve the plant closure and at least 2,500 redundancies, reducing the workforce to 8,000 with a possible further 800 jobs at risk. He said he had high hopes of winning back printing contracts, particularly for newspapers, which have gone to overseas competitors. A reequipment plan and moves

Accountants free to advertise

By Catherine Gunn

From October, accountants will be allowed to advertise for the first time. It has taken 11 years for the professional accountancy bodies to accede to the Monopolies and Mergers Commission's first recommendation in 1970 and later in 1976 that the public would benefit from services being advertised locally.

The four professional bodies: the Institute of Chartered Accountants in England and Wales; of Scotland; in the Republic of Ireland; and the Association of Certified Accountants, agreed to allow "selectively limited" advertising after talks with Mr Gordon Borrie, the director general of the Office of Fair Trading (OFT). This was announced yesterday by Mrs Sally Oppenheim, Minister of State for Consumer Affairs.

The four professional bodies said in their joint statement: "The Councils of the four bodies are not persuaded that the Monopolies Commission has made out its case, but are, at the same time, conscious that it is difficult to justify a complete ban on practice information being published."

The traditional "professionals" have never been allowed to advertise their skills. Doctors, dentists and barristers still cannot advertise.

Accountants' advertisements must be narrow in scope, and must also appear only in the local press. The OFT and the four bodies have agreed that advertisements must not convey criticism of other professional services available; nor be misleading. Fee levels may not be cited, though the fee basis will be discussed before an assignment is accepted.

Services advertised must be general to the profession and not an individual firm's specialist expertise. Above all, advertisements must be of a style and content appropriate to the profession."

Deloitte dropped by London Transport

By Philip Robinson

London Transport—accused of mismanagement last summer by a report of independent management consultants—yesterday dropped its accountant, Deloitte Haskins & Sells, who has audited the passenger transport authority's annual accounts for about 50 years.

Auditors are normally reappointed on the nod, but this year London Transport wanted to widen the responsibilities to include more than just the figures and put the account out to tender.

A short list of three was prepared: Deloitte's, Arthur Andersen and Coopers & Lybrand; each made a presentation to the Greater London Council.

Yesterday the GLC's Planning and Communications Policy Committee confirmed a recommendation that the job should go to Arthur Andersen.

The breadth of Arthur Andersen's responsibilities—it takes over with immediate effect—will include reporting on the accuracy and soundness of all financial statements and comments on internal management controls.

That is being interpreted as a direct result of last summer's report by PA International Management Consultants which said that immediate steps should be taken to tighten the budgetary process; to ensure monitoring of performance; to make more effective; and that an executive board should ensure that action results from its decisions.

In any report of this kind, the incumbent auditors always work very closely with the management consultants.

The recommendation which went to the committee yesterday

day said that in addition to the auditor's job of providing a certificate for the figures, they will also be responsible for the preparation and general accuracy of financial information.

It will in addition, monitor internal control procedures and effectively make sure that decisions taken by the Executive are in compliance with decisions taken by the GLC.

The new auditors will be asked for any comments it feels should be made on any aspect of London Transport finance and will be expected to give assurances to the Council on the basic soundness of the information it receives and of the internal control procedures of the London Transport Executive.

Deloitte's, whose auditing fees from LT in 1979 rose 25pc to £75,000, regards the audit which was up for tender as a new kind of responsibility and does not see it as merely the job which it has held for half a century being put up for offer.

A month after the critical consultants report on LT was published, Mr Ralph Bennett, the board chairman, was dismissed with three years still to run on his contract. It was expected that he would be entitled to £100,000 compensation.

Last August, Mr Leslie Cherman, a campaigner against bureaucracy who had been given the task of exposing waste in London Transport, lost his seat on the LT Board.

ARTHUR BELL & SONS LIMITED

SCOTCH WHISKY DISTILLERS, PERTH

INTERIM FINANCIAL STATEMENT (UNAUDITED) FOR THE HALF-YEAR ENDED 31st DECEMBER, 1980

	Half-year ended 31st December, 1980	Half-year ended 31st December, 1979
	£000's	£000's
Group Turnover—excluding inter-company sales...	137,518	112,894
Scotch Whisky Division	127,399	101,564
Glass Container Division	12,460	12,534
Transport Division	2,387	1,679
Less: Intra Group Trading	142,146	115,777
	4,628	2,883
Group Trading Profit	13,688	11,640
Less: Depreciation—See Note 1 ..	1,198	867
	12,490	10,773
Add: Investment Income	5	4
	12,495	10,777
Less: Interest on loans	2,717	1,591
Group Profit before Taxation	9,778	9,186
Scotch Whisky Division	10,280	8,304
Glass Container Division	(560)	871
Transport Division	70	11
	9,790	9,186
Less: Intra Group Trading	12	—
	9,778	9,186
Taxation—See Note 2	2,450	2,297
Group Profit after Taxation	7,328	6,889
Earnings per share	15.75p	14.81p

Dividends

The Directors have declared an Interim Dividend for the year to 30th June, 1981 on the Ordinary Share Capital of 2,332p per Ordinary Share (2.12p) amounting £1,085,818 (1980: £85,289). The Interim Dividend will be paid on 1st June, 1981 to Ordinary Shareholders on the Register at the close of business on 7th May, 1981. A Preference Dividend amounting to £7,700 (£7,700) was paid in the six months period to 31st December, 1980.

Note 1

No depreciation has been provided on the part of Freehold Heritable Properties relative to Buildings as the Board considers that such Buildings currently have a value not less than that shown in the Accounts.

Note 2

The tax charge for the period has been reduced by £560,000 in respect of the proportion appropriate to the six months period to 31st December, 1980 of deferred tax on stock relief released under the terms of the Inland Revenue Consultative Document of 14th November, 1980.

PRICE CHANGES

ses	14p to 176p	14p to 176p
ott 8	14p to 176p	14p to 176p
len Carrier	14p to 176p	14p to 176p
1 Matthew	14p to 176p	14p to 176p
ision Travel	14p to 176p	14p to 176p
isurama	20p to 253p	20p to 253p

ills	10p to 303p	10p to 303p
keley Exp	10p to 303p	10p to 303p
thway Oil	8p to 155p	8p to 155p
thway 10	7p to 166p	7p to 166p
ort	4p to 8p	4p to 8p
ances Paper	5p to 60p	5p to 60p

Bank	Bank	Bank
buys	sells	buys
Netherlands Gld	5.39	5.13
Norway Kr	12.55	11.90
Portugal Esc	129.00	123.00
South Africa R	2.09	1.95
Spain Ptas	194.50	185.50
Sweden Kr	10.70	10.15
Switzerland Fr	4.46	4.23
USA \$	2.29	2.22
Yugoslavia Dnr	82.50	77.00

TUC and employers invited to join jobs protection campaign BL chief launches attack on car imports

Sir Michael Edwards, chairman of BL, plans to enlist the help of the Confederation of British Industry and the Trade Union Congress in a campaign to protect the jobs of British car workers threatened by unrestricted imports from Japan, Spain and Eastern Europe.

The move is calculated to embarrass Mrs Thatcher and her ministers, who will see it as an attempt to force their hand. Against this, Sir Michael has already made an unsuccessful attempt to discuss the problem with Mr John Biffen, the Secretary of State for Trade.

Sir Michael told the Commons all-party motor industry EEC group of MPs on Tuesday night that he requested a meeting with Mr Biffen but had been told that

no useful purpose would be served by holding such a meeting at present, because "he cannot do anything about it."

He said he proposed to write to Mr Biffen and would send copies of the letter to the CBI and the TUC. The letters were sent last night but BL declined to reveal details.

Sir Michael said he told MPs several of whom represent constituencies housing BL factories, that Japan, Spain and East Europe sold 276,000 cars in Britain last year—more than BL's own sales. The United States and Tokyo at present taking to their opposite numbers in the Japanese Automobile Manufacturers Association. They are pressing the Japanese to reduce imports this year below their 11.9pc market share in 1980, which

broke the voluntary ceiling of 10 to 13pc.

Sir Michael also gave warning that the impact of the Budget was likely to be considerably more significant for the motor industry next year than this.

The Department of Trade said last night: "There has been no exchange of correspondence between Sir Michael and Mr Biffen. Someone from his office rang to suggest a meeting but he was told that as the department has such regular contact with BL it would be a good idea if Sir Michael puts any points he wants to make on paper before he actually meets Mr Biffen. There is no question of the Secretary of State refusing to meet Sir Michael."

Clifford Webb

Officially of the Society of Motor Manufacturers and Traders are in Tokyo at present talking to their opposite numbers in the Japanese Automobile Manufacturers Association. They are pressing the Japanese to reduce imports this year below their 11.9pc market share in 1980, which



Coats Italy move attacked

The Textile Workers' Federation in Rome attacked Cucirini's move to Italy, for preparing dismissals for 560 workers and for allegedly intending to pull out of the country. Cucirini, a leading manufacturer of threads and yarns, was bought by T. and P. Coats of Glasgow in 1974.

A statement by the union said its decision to sack 560 at its main plant at Lucca in Tuscany was "a real provocation towards the workers and the union", particularly as it came on the eve of talks to implement a work agreement concluded with the company.

This British multinational "is not a firm in crisis, but has continued for years to make profits", the statement went on. And this renders all the more unreasonable its request to make dismissals which can only be explained by a wish to abandon our country.

Textile domination

Almost the entire cotton market in the non-communist world, probably 85 to 90 per cent, is controlled by some 15 multinational groups, according to a report today by the United Nations Conference on Trade and Development (UNCTAD). They include eight United States, five Japanese and two west European companies.

IBM challenge

International Business Machines has challenged the legality of a European Community statement of objections to some of its business practices. The company was accused in December of abusing a dominant position in the computer market and was invited to submit a defence by April 30.

£459m ICI expansion

ICI Australia will continue normally with its \$500m (£459m) expansion programme in New South Wales and Victoria, after a government decision not to review the level of tariff protection given to the local chemical industry.

Slump in profits leaves banks with a headache over sale of holdings

Why Bonn may dilute bank reform

West German bankers believe that the government in Bonn may be preparing to water down or even shelve its controversial plans to make the banks shed a large part of their holdings in industry and commerce.

They have been encouraged by a little-reported speech that Herr Hans Matthöfer, Finance Minister, made to members of the finance committee of the Lower House of Parliament last week.

In a general review of German finance policy, Herr Matthöfer said that the Government, in drawing up the reform of West German banking law planned for this year, would have to take into account the changed economic position of the country.

He stressed that he had not decided whether to follow recommendations for a "rigorous" reduction in the banks' non-bank holdings.

The debate over whether German banks would have to cut back their valuable share packets has been underway since May 1979. A commission set up to study all aspects of German banking reported to the Government that the banks' holdings should be limited in size to 25 per cent of a company's equity plus one share.

This report was quickly eclipsed by more radical suggestions. Dr Otto Lambsdorff, Economics Minister, suggested 15 per cent. Internal studies carried out by the finance ministry pointed to 10 per cent while the Social Democrat Party and the German Monopolies Commission urged a 5 per cent limit.

There appears to be a shift in opinion towards giving the banks gentler treatment — and largely because of the slump in profits that they have experienced over the past year. Bank profits have fallen while government dependence on an efficient and healthy banking system has grown.

Latest estimates suggest that Germany's net public sector borrowing requirement will be between 60,000m and 65,000m Deutschmarks this year, which, after taking interest and redemption payments into account, means that the German federal, state and local authorities may have to raise some DM120,000m gross on the capital markets. The willingness and ability of the banks to co-operate in this exercise will be vital.

Moreover the Government has grown to rely on the banks to lead to countries abroad where continuing financial support is held to be in West Germany's interest. The DM1200m loan granted to Poland last year was one example. It is doubtful whether the scaled negotiations on the financing of the Soviet gas pipeline project would have been quite so difficult had the banks been able to count on healthy profits last year and this.

But the slump in profits has also exposed one of the big problems in any scheme to make banks divest themselves of their non-bank holdings — that of finding suitable buyers.

Among the choice pieces of equity held

by German banks are Deutsche Bank's 28.5 per cent stake in Daimler-Benz, Westdeutsche Landesbank's 28 per cent stake in Preussag and the more than 25 per cent stakes that Deutsche Bank and Commerzbank hold in Karstadt AG. To a difficult banking year like 1980 a well padded portfolio of equities can help sustain a bank's profits.

Commerzbank and Dresdner Bank, two of Germany's largest commercial banks to experience a savage squeeze on profits last year because of the tight credit policy of the Federal Bank, sold some of their non-bank holdings before the end of 1980 to produce additional earnings.

The sale of the two banks of 48 per cent of the share capital of Kaufhof AG, Germany's second largest store group, is thought to have caused some influential elements in the Social Democrat Party to think again on the wisdom of forcing banks to sell their share packets.

The Kaufhof shares were bought equally by the Union Bank of Switzerland and the Metro cash and carry company, which is controlled by a holding company based in Switzerland. UBS was given an option by Commerzbank to buy more shares before the middle of this year.

The possibility that control over a major element in the German retail trade could fall under foreign control has alarmed the cartel office in Berlin.

Peter Norman

in Brussels

LETTERS TO THE EDITOR

Protecting pension funds against the rise in earnings

From Mr Martin Patterson

Sir, The success of the new index-linked gilt issue bears witness to the importance pension funds attach to protecting their investment return against competition from price inflation. In the event, demand was satisfied at about par affording a positive return of 2 per cent.

However, of greater significance to pension funds is protection against the rise in earnings, which has exceeded the rate of price inflation in nearly every one of the last ten years. We may therefore reflect on how much more valuable would be a state contract which offered a positive return in relation to the rate of increase in national average earnings.

In fact, as some employers are already appreciative aware, such a bargain already exists and they take advantage of it by purchasing part of their earnings-related pensions from the state, instead of funding this part privately. It is equally open to other employers, who have previously contracted out of the state additional scheme, to act likewise if they wish.

Employers have for long been worried about the effect of inflation on their pension costs, especially when the true bill is not always immediately presented but tends to reach them after some passage of time.

The success of the linked gilt issue confirms the desire on the part of companies to "play safe" to minimise their exposure to the risk of inflation which have an opportunity to But it also serves as a reminder to the same companies that this other option have, the attractions of were not perhaps fully cashed when the new scheme was introduced.

Yours faithfully,
MARTIN PATTERSON
Chairman,
Martin Patterson Associa
Limited,
10 Buckingham Place,
London SW1E 6HT.

From Mr David Green
Sir, Surely the Government requires no more than logic — unaided by a majority of the country's economists — to realise that its present course assures economic collapse as certainly as if it prints every penny of the public sector borrowing requirement.

When it took office it inherited a very substantial deficit, which it immediately increased by surrendering the yield of higher tax rates to those who previously paid them. It did nothing to reduce the absolute level of public expenditure; and while savings increased, and interest rates increased, support for the deficit, they also added directly to the deficit.

Worse, however, higher interest rates, coupled with the higher exchange rates which have sustained, eroded profitability, and the tax revenue derived from it destroyed businesses and jobs — augmenting the deficit at both ends by reducing revenue and increasing unemployment support costs.

We now face a level of public sector spending that is expanding almost exponentially; every time the Government raises more tax and borrowing to fund it, it increases it still further by destroying more businesses, jobs and revenue.

If not stopped, that cycle has an inevitable ending. Every person and organization capable of producing wealth to sustain government activity is taxed like a malignant cancer, public spending grows until it consumes the entire resources of the body which it is host.

Mrs Thatcher's message to us — you cannot spend what you have not got — might have made some sense if she had first applied it to the 55 per cent of the national economy which is the direct responsibility of herself and her Government.

After the last two years it is questionable whether the patient can survive, even if there now should be the surgery on the public sector long since indicated by our incapacity to sustain it. The ephemeral absolute indication of that incapacity is the level of the PSBR; far more serious, however, has been the underlying massive shift over recent years away from investment and towards administration costs in the overall level of public expenditure. It is bad enough for government increasingly to live on the revenue of profit and capital which the nation generates; it is worse when so vast a proportion of it is now applied to the daily housekeeping rather than capital funding.

Yours faithfully,
DAVID GREEN,
Rhys y Harding,
Castle Morris,
near Haverfordwest,
Dyfed SA62 5EJ.

From Mr J. Parfitt
Sir, Mr D. R. James (March 26) refers to the loan guarantee to ICL. It would be interesting to know from whence he gets the information from which he makes his dubious assertions.

First, who has told him that Sir Keith Joseph has been going around "offering" a company which he does not own to others? That would indeed be a strange activity for a minister in a Conservative government (of which I am an active supporter). If Sir Keith is aware that the experts have ruled out the hope of ICL being a viable concern, it was certainly not reflected in his statement in Parliament that "he had been advised by the management and the banks that the two-year period is sufficient". Perhaps Mr James knows better and is making the grave allegation that Sir Keith has lied to the House? I wonder who Mr James's "experts" are — the employees of foreign companies?

Secondly, Mr James says that "the company has been unable to compete profitably in a previously protected (single-tender) market". Has he not noticed that ICL has made profits from 1968-1980 and that some 6 per cent of ICL's business has come from the government single-tender market, representing substantially less than the subsidies given one way or another, by the United States, French and Japanese governments to their own indigenous computer industries? And does he really

think that the United States government (for instance) would allow its main cash-collecting system to be operated on equipment supplied, supported and maintained by a foreign company?

Third, has Mr James also noticed that a few household names, not only in the United Kingdom (including some highly reputable United States computer companies) have recently reported losses or substantially reduced profits? Is he suggesting that they should simply lie down and die in the face of an onslaught from the Japanese — or anybody else — rather than their way out of trouble? Or, in the particular case of ICL, part with a £2,000m installed base and one of the best product ranges in the business — the fruit of many hundreds of millions of research and development — to a foreign concern for £80m?

Finally, having declared my political interest, I will also declare that I am an employee of ICL and that I am heartily sick and tired of having to cope not only with the real problems of the industry and legitimate competition from other firms but also with unscrupulous clamour from such as Mr James, who since he appears to work for the industry might legitimately be asked — doing what and for whom?

Yours faithfully,
JOHN PARFITT,
86 Higher Drive,
Purley,
Surrey CR2 2HJ.

From Mr Edward T. Rose
Sir, Criticisms of the prices of HMSO publications contained recently in your letters columns are based upon unfair comparisons. Even in the private publishing sector the price of a book depends upon the popular appeal of its contents.

Most of the costs of production are incurred during the many stages leading up to actual printing. Once a modern printing machine has been made ready and the button is pressed to "run", the additional cost per thousand sheets is relatively low.

When the unit selling price is then calculated, the printing costs must be apportioned between all the copies printed; hence the price will be high if the number of

copies is low. But the number of copies ordered from the printer will depend upon an estimate (or more likely a "guesstimate") of the public demand for the publication.

However, indignant correspondents may be at the price of the HMSO publications that they need to buy, would they advocate a "socialist" policy of pricing which allowed them to buy specialist publications at a loss to HMSO, to be recovered from the rest of us through a higher price for, say, the Highway Code? I think not.

Yours faithfully,
E. T. ROSE,
2 Fawcett Close,
Alisbury,
Coventry,
CV5 9BH.

From Mr D. H. McPherson
Sir, As the Chancellor is intent on retrospective taxation of banks and oil companies, perhaps he should include legislation, retrospectively, for the refund of income tax paid by shareholders on the "windfall" dividends paid by oil companies in 1979/80. Or will he?

Yours faithfully,
D. H. MCPHERSON,
6 Abercromby Place,
Edinburgh EH3,
March 21.

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From Mr E. J. Canning
Sir, There seemed to me small consolation when higher postal rates were reduced in January. For time ever, the first-class postage rate for each graduation of as far as the fifth stage grammes. This meant small business no longer to stock different sizes of each weight of letter, but simply buy two denominations the basic 14p and the 6p simple for all concerns including the Post Office.

As a result of this, the stamps and you will learn there are no longer issued, been withdrawn, would lieve. Just before the new rate came into force, I must buy twice the 3p stamps. Thus for this total denomination the Office has doubled its printing, storage, distribution and handling costs. Sir, political parties come and they may go, I country will not get a chance until the official make this sort of data d available and p accountable.

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SUN ALLIANCE INSURANCE GROUP

The audited results for 1980 are as follows:—

	1980	1979
Premium Income	£m	£m
General Business	559.2	546.1
Long-term Business	143.3	136.5
	702.5	682.6
Underwriting Result—General Business	(18.4)	(26.4)
Long-term Insurance Profits	5.4	4.9
Investment Income	81.5	70.2
Other Income	0.8	0.4
PROFIT BEFORE TAXATION	69.3	49.2
Taxation	27.8	17.8
PROFIT AFTER TAXATION	41.5	31.4
Minority Interests	0.3	0.4
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	41.2	31.0
DIVIDENDS	16.3	13.8
PROFIT RETAINED	24.9	17.2
EARNINGS PER SHARE	83.6p	62.9p

GEOGRAPHICAL ANALYSIS OF GENERAL INSURANCE BUSINESS RESULTS

	1980		1979	
	Premium Income £m	Under- writing Result £m	Premium Income £m	Under- writing Result £m
United Kingdom and Ireland*	374.2	(4.5)	319.0	(16.0)
Europe 2	79.4	(5.6)	56.9	(5.3)
U.S.A.	61.7	1.0	62.0	0.6
Canada	16.3	(3.0)	15.9	(1.0)
Australia	25.6	(6.0)	22.5	(0.1)
Other Overseas	43.0	(0.3)	40.8	(4.4)
	599.2	(18.4)	546.1	(26.4)

* Including international Marine and Reinsurance business written in the U.K.

UNDERWRITING RESULTS

On general business, premium income increased by 9.7%. Excluding the effect of changes in exchange rates, the underlying growth was 16.3%.

Results in the United Kingdom benefited from favourable weather conditions; the personal and commercial property accounts were profitable. Experience in the liability and motor accounts remained poor and underwriting losses were also incurred on the engineering and reinsurance accounts.

In Europe, underwriting conditions continued to be difficult and, although there was an improvement in Holland, most territories showed increased losses.

Better results were achieved in the main property and casualty classes in the U.S.A. but in Canada all major classes of business suffered underwriting losses.

In Australia, the substantially increased underwriting loss was mainly attributable to workers' compensation business.

Elsewhere overseas, exceptional losses were fewer but experience was generally poor.

The 1978 Marine, Aviation and Transport Account was closed with a profit but in view of more recent unprofitability no transfer has been made to Profit and Loss Account.

LONG-TERM INSURANCE

There was an increased contribution from the main Life Fund following the valuation as at 31st December, 1980.

INVESTMENTS

Investment income increased by 16.0%. The underlying growth, after allowing for changes in exchange rates, was 20%.

The Group's solvency margin at the end of the year, following a revaluation of the general fund properties, was 95%.

DIVIDEND

The Directors have resolved to declare at the Annual General Meeting on 20th May, 1981 a total dividend of 33.0p per share in respect of the year 1980. An interim dividend of 15.0p per share was paid on 5th January, 1981 and the final dividend of 18.0p per share will be paid on 6th July, next.

The total dividend, with the appropriate tax credit, will be equivalent to a gross distribution of 47.143p per share, compared with 40.0p per share for 1979.

BY THE FINANCIAL EDITOR

Hobson's choice for the banks

recession, and the financial pressures on the corporate sector, present something of a Hobson's choice for British banks. Either they go on supporting companies over and over again, or they are forced to liquidate them. There is no middle ground. Or they bring in the receiver and probably whistle goodbye to their money altogether.

Discretion is proving the better part of valour at the moment. There have been few of the headline-catching bankruptcies many feared. Even if the number of failures in the non-quoted smaller company sector suggests the banks are not quite as accommodating as they once were.

In many ways that attitude is justified. The big change over the past decade has been the increasing involvement of banks in industry as they have developed medium-term loan packages.

Bank borrowing now accounts for two-thirds of industry's gross borrowing needs, against less than a half in the 1960s. Moreover, there is every indication that the corporate sector is doing its level best to struggle through. Redundancies, closures and, most important, the most vicious docking in memory have yielded an overall financial position that is quite encouraging. So, unlike during the secondary banking collapse, the banks have some confidence in thinking that they will not be throwing good money after bad in extending support for struggling companies. The list of concerns that would have gone under without their friendly bank manager to turn to is lengthening daily with yesterday's packages for British Printing Corporation and Weir Group, among others, are a case in point.

But the key issue is the way the banks are becoming steadily locked into British industry as they replace straightforward lending propositions, with known repayment rates, with equity or quasi-equity deals of one sort or preference shares or the other. Certainly none of the packages so far put together is of a short-term nature offering a quick escape from the equity trap. It is worth noting that our financial structure is undergoing a radical transformation and possibly for quite the wrong reasons.

3PC Mr Maxwell's return

Having steam-rolled himself into the boardroom at BPC, Mr Robert Maxwell has already secured City and union support for an ambitious rescue scheme.

It is every bit as tough as expected. Ordinary shareholders must approve a two-thirds dilution of equity; debenture holders



Mr Robert Maxwell (left) explains as BPC's new chairman, Lord Kearton, listens. Details of the Maxwell scheme to save the printing group were unveiled in London yesterday.

must accept repayment at par. Meanwhile, rational Westminster has already agreed to increase its lending exposure and the Takeover Panel will waive its normal "full bid" requirements for the scheme. This will allow Mr Maxwell's private Pergamon group a 77 per cent stake in BPC.

But BPC's balance sheet, showing debt of £4m against shareholders' funds of £41m—on before a £14m provision for Mr Maxwell's rationalisation plans—after a net loss of £12.1m, show that receivership is the alternative. And certainly the BPC board investigated a good many alternatives before admitting Mr Maxwell.

At the same time Mr Maxwell's personal financial commitment to turning BPC round is substantial. With the £10m cash injection, Pergamon will have invested a total of £14m. Pergamon's latest profits were only £4.5m

pretax and just over £2m at the attributable level. The company has bank balances of £3.4m. It seems that a large part of the cash injection is likely to be financed by advance subscriptions shown in the Pergamon accounts to have risen from £6.4m to just under £12m.

With the NatWest's support and the soothing profile of Lord Kearton in an unpaid capacity at BPC's helm, shareholders' approval for the package looks assured. But it is still an open question whether a streamlined BPC honed down to its mainline printing operations can win back the contracts, particularly in the catalogue business, which have been moving wholesale to European competitors in recent years.

For that reason, the shares, down 11p to 17p, are a straight gamble. Those shareholders who choose to stay should remember they are now part of a minority.

Weir Group Confidence had to be restored

Closures and losses over the past two years have knocked such a gaping hole in Weir's balance sheet—shareholders' funds have been cut from £48m to £26m and gearing has been pushed up to 168 per cent—that the group's bankers have been effectively carrying it for the past six months. Some form of capital reconstruction had become vital to restore the confidence of customers, many of whom place contracts up to two years ahead.

The main plank of Weir's case for support from its bankers is that, while its difficulties have been exacerbated by recession, high interest rates and so on, its real troubles stem from management shortcomings in the all-important pumps division. It was the £5.5m turnaround to trading losses of £2.5m in 1980 here, along with the 65 per cent surge in interest charges to £7.3m around three fifths of which arise in the pumps division, that caused last year's £10.3m turnaround to pretax losses of £8.3m. Following the management overhaul and redundancies, which will save £10m in a full year, there is every hope that the cash haemorrhage has now been staunch.

The hope now must be that the reconstruction, involving a 1-for-1 rights to shareholders to raise £6.2m, the banks swapping £10m of loans for preference shares, the deferment of £1.6m of loan capital repayments and further bank facilities, will result in Weir being properly capitalized.

But the costs of servicing the preference capital are heavy so dividends on the ordinary shares look unlikely for several years, and the market capitalization of £55m with the shares down another 21p to 23p is looking nothing on chance. One simply wonders how Weir's bankers and institutional investors allowed it to get into such a mess in the first place.

Reckitt & Colman A fast finish

Reckitt & Colman has demonstrated that it too knows how to put marketing muscle behind familiar fast selling brands and keep the total promotion bill within bounds.

But the market, taking its eye from a first-half fall in pretax profits of 10 per cent and expecting no better than 18 per cent recovery in the second half to raise 1980 profits £2.16m to £53.17m. The shares shot up 10 per cent to 238p. Last September they were 196p. On an unchanged dividend the yield has dropped to little more than 5 per cent and the shares are once again at a premium to the market thanks to institutions topping up their holdings after dismissing the stock as ex-growth. Pretax profits were, after all, £56m in 1976 and a peak £60.6m in 1978.

This year Reckitt could make around £61m. The group simply admits to a brisk finish to United Kingdom business in last year's closing months as restocking charges should drop after their jump from £8.53m to £14.38m in 1980, and the pound could sink against the United States dollar, the Australian dollar and the South African Rand.

Reckitt benefits from booms in Australia, Nigeria and South Africa: of last year's £56m profit before tax and corporate interest, £26m came from Australasia, the rest of Asia and Africa. But uncertainties abound. Shareholders may want further evidence of dynamism from Reckitt before pushing the shares beyond 250p.

Economic notebook

Has monetary policy been too lax?

The combination of rapid growth in sterling M3, falling inflation and a severe recession, is causing disagreements among monetarists about whether monetary policy has been too loose or too tight. That in turn is leading to sharp divisions of opinion about the likely prospects for inflation next year.

The Government's view is clear. It believes that the 19.6 per cent growth in sterling M3 in 1980 will not push up inflation, particularly in the catalogue business, which have been moving wholesale to European competitors in recent years.

For that reason, the shares, down 11p to 17p, are a straight gamble. Those shareholders who choose to stay should remember they are now part of a minority.

There are two reasons for this view, which is certainly held by the Bank of England. One is purely technical. Last year saw

'It is hard to avoid the conclusion that if any indicator of the quantity of money tells us about how prices will move, the broad definition of money are the ones we should look at—and they seem to point to 15-16 per cent inflation'

the end of the "corset" which resulted in bank lending which had occurred outside the control of the authorities came back into the money supply figures which therefore showed a distorted rise.

That is clearly true. There are various estimates on the largest it does not explain more than a small part of last year's monetary growth. A paper published this week by economists at the City University suggests that about 3 per cent of the increase in sterling M3 can be put down to problems caused by the corset. That still leaves monetary growth at nearly 17 per cent during 1980.

The table shows that the "narrow" definitions of money, M0 and M1, grew at rates of smaller growth in 1980 than did all of the wide definitions. In looking at money supply figures the safe rule is the higher the number after the letter M, the more components are included.

The figures for PSL1 and PSL2 include an even wider range of ways in which people can hold their wealth than does sterling M3. For example, deposits in building societies are included.

The letters PSL stand for private sector liquidity and many economists feel that it would make sense to look at this when examining the likely developments of the economy. All of the measures of money growth in the money supply or liquidity grew fast in 1980. A second line of argument used by defenders of the "official" position is that sterling M3 is not, for a variety of reasons, likely to give us a good indication of monetary stance.

In support of this view it is pointed out that some of the narrower measures of money supply, such as M1, have been growing much less rapidly. The high level of real interest rates (that is, nominal interest rates minus the rate of inflation), the rising exchange rate and the physical symptoms of an economy moving into recession, are all cited in support of this argument.

We can dismiss the evidence of slow growth in M1 pretty quickly. This is caused by the fact that it does not include interest-bearing deposits. With

minimum lending rate at 16 per cent for much of 1980, it was natural that people would switch their cash away from accounts where it was not earning interest.

The other evidence is more serious. It really boils down to the fact that the economy did not react as if it was awash with money during 1980. It is this which seems to have convinced the visiting team from the International Monetary Fund that sterling M3 was not a reliable indicator when they visited here before Christmas.

But the City University team has performed a useful function in reminding us of just what monetary theory tells us. The first point they make is an empirical one. It is that sterling M3 has a better track record in predicting inflation rates than does any of the narrower definitions of money supply. This, as they accept, does not tell us that monetary growth causes inflation. Both phenomena could be caused by some quite different factor.

It does, however, explain why the Government originally chose sterling M3 rather than any other monetary indicator. It also says why, of all the broad definitions of money, the ones we should look at and they would all seem to point to inflation at around 15 to 16 per cent at some point in the future if inflation rates move in step with money supply after a period of time.

That is a big if, however, and it is one which is being stressed very strongly at present by the Government and particularly by Mr Lawson. His argument is that although money supply grew fast last year, this was simply an adjustment to ravages of inflation.

In other words, rising prices had eaten into the real value of the financial assets which people and institutions hold. They used 1980, with its big rises in earnings and high level of savings, to restore those assets. They are now back to some "normal" level and they will stay there. In other words, the money will not be spent.

That leaves very little of what we know as monetarism. It comes down to the proposition that growth in the money supply causes inflation unless it does not. For reasons which are not clear 1980 was one of the

years when it did not generate higher prices in the future. The predictions of high inflation by the City University team have been greeted by supporters of the Government as if they were in rather poor taste. Why split ranks at a time when the policy is under attack from outside. But the policies we have been pursuing were adopted because a monetarist analysis of inflation was accepted.

If that analysis was right, we may as well face up to the consequences. And if the inflationary outlook for the next few years is rather better than that, as seems likely using more "Keynesian" models of thinking, we ought to draw the logical conclusion that it is monetarism which is at fault, not those who apply it logically.

How tight was monetary policy in 1980? City University, Centre for Banking and International Finance.

David Blake

David Hewson looks at the problems encountered by West Indians and Asians in the East End of London

Mr Dudley Dryden, outside his Hackney shop this week.

Photograph by John Manning

Barriers in the way of black businessmen

Hackney has been a home to immigrants since the East End of London came into being as the shabby industrial overspill from the more refined quarters of the City during the last century.

In the early days its inhabitants came from other parts of Britain; later there were Jews from Russia and eastern Europe, followed by Cypriots emigrating from what was then a British territory.

Today it houses around 30,000 West Indians, by far the largest since the 1950s. Some are first generation immigrants; many are British-born. Like everyone else in the East End, they face the sort of problems one associates with one of London's most depressed areas.

Unemployment in Hackney is more than 11 per cent compared with an average for the South-east of 7 per cent, and a disproportionately high number of blacks are in the dole queue.

The problems of racial discrimination and disadvantage in such areas have been well aired and investigated. But, remarkably enough, few people have seen fit to ask how successful these minorities are in the world of business.

Hackney seems a particularly apt place for such a study, since its previous immigrants, the Jews, were noted for their entrepreneurial skills.

Today's ethnic minorities are noticeably less successful. When the Hackney Business Promotion Centre joined with the local Council for Racial Equality and national Commission for Racial Equality to investigate the state of local business, it discovered that only 321 of the 7,300 businesses in the borough were owned by people from ethnic minorities.

All were small businesses, employing on average, four people. The majority were in the retail sector—restaurants, wholesale and retail groceries, hairdressers and travel agents.

A few entrepreneurs had moved into new types of business like clothing, furniture manufacture and printing during the past three years, and many more wanted to follow suit.

But the study concluded that four problems had inhibited the growth of minority business in Hackney and other parts of Greater London, where there are large West Indian and Asian communities.

Capital formation was difficult for the West Indians because few had arrived in this country with much money or had the opportunity to build up savings in recent years. There were complaints that sometimes the banks, building societies and other financial institutions asked for unusually high security for loan and overdraft facilities.

The second problem was that entrepreneurs from the ethnic minority groups had little management experience. A further difficulty was that minority businesses had to endure attacks on their premises by racist groups and unwillingness by some landlords to rent property to them.

In the interest of research, I alerted Professor Rees to a new disease isolated by me in north-east London only yesterday. I shall call it Bartsitis.

The principal sufferer is a delightful lady of 70 called Miss Lucienne Inglis, and her symptoms are anxiety attendant upon a rash of phone calls from people confusing her number with that of Barts (600-9000).

Miss Inglis, who told me she had already had three calls yesterday morning by the time I mislaid her (confused by the rotten printing on Barts' letter-heading). Gently, saying "I get so worried in case the people want Barts urgently."

At first Professor Rees thought I was kidding her, but when I produced Miss Inglis' name and number, she said: "Oh, this is terrible. I'll see if I can report it to the medical council this afternoon."

Ross Davies



One of the world's most exclusive hotels.

For over 50 years, the Grosvenor House Hotel has stood proudly in Park Lane, close to Piccadilly, Oxford Street and Knightsbridge. Since its opening in 1929, the Grosvenor House—designed by Sir Edwin Lutyens—has set the highest standards of comfort and service.

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GROSVENOR HOUSE London, England

Back-pain sufferer William Bach, a draughtsman from Huddersdon, said he felt "much better" after a 40-minute, eight-needle acupuncture being performed here at Barts Hospital by Dr Nicolas Lytras yesterday. My photographer David Jones is as well as can be expected.

would not keep on coming to Barts if there was no room to do clinical research.

Barts, she said, had spent some privately-raised funds on hiring a Chinese to teach acupuncture to physiotherapists and doctors.

"The message is that the research is clinical research, not 'boffin' research and many of the things we are doing are incredibly exciting and we have already shown they have direct benefit to patients."

They also have direct benefit to staff, for her colleague, Mike Besser, the Professor of Clinical Endocrinology, told me he had been an emergency patient himself on Sunday when his bad back began to play up.

The plan is to concentrate Barts' researchers in Dominion House, which stands opposite the hospital, but this will take £5m in all. National Health funds are not available, so Barts is looking towards the City and to Fleet Street.

The hospital has about £1.8m, but needs another £2m by the end of the year if it is to be able to finalize occupation and equipment of the building.

Francis Perkins, chairman of the fund-raising committee and of the Insurance Brokers Registration Council, said he would be starting on Lloyd's this month, and Brian Peppiatt, deputy chairman of jobbers Akroyd & Smithers says he will be doing the same at the Stock Exchange.

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GROSVENOR HOUSE London, England



A TRUSTHOUSE FORTE EXCLUSIVE HOTEL

Business Diary: Of Barts' and £5m in pin money

St Bartholomew's yesterday, a hospital of the City and of Fleet Street, on a visit much less propitious than the first I only other time I have been there.

I would be about five years now, when on returning to office after a lunch given at a City bank at a Chinese restaurant I suddenly felt as if I had been hit by a lightning bolt. I felt as if I had been hit by a lightning bolt. I felt as if I had been hit by a lightning bolt.

My esteemed colleague, Dr Harris, the Commercial Director, helped me to the sick bay. From there my mysterious affliction—possibly to do with that funny chemical you get in insect food—led to a now recurrent attack of Barts.

Not in an ambulance, not in staff car nor even in a livery van, for The Times says by day transports executives to their clubs in the nearest parts of the West End, and by night newspapers to the nearest ends of the kingdom, did not on that occasion move a mile or so to Fleet Street's hospital in which I felt was my last hour.

At Barts' casualty unit, a doctor was still examining me when my affliction cleared as suddenly as it had claimed me, and my lady who by this time appeared was able to drive home.

Though again I entered Barts

yesterday under my own steam and lunch was involved once more, the point at issue was Barts' health, not mine, as was being done at the hospital, which is on an island site at Smithfield.

"They had just got hold of corridors that were not being used. They had got hold of lavatories and torn the lavatory out and put down a little plank, they had used cupboards and they were doing this research in the most impossible situation, intolerable."

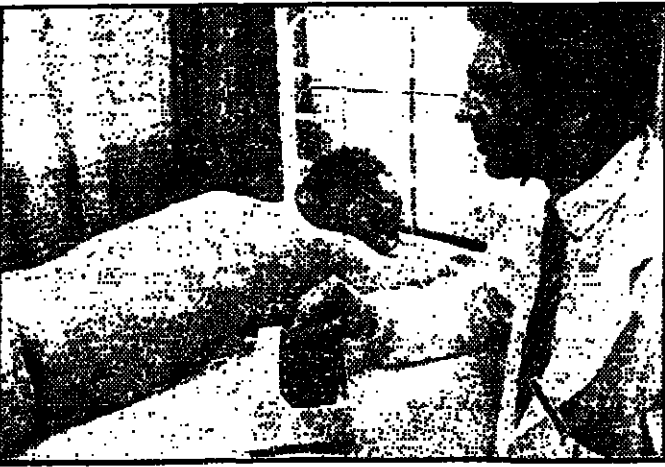
"In fact, if the industrial safety committee came around here, it (the research) might have to be stopped, it has got to that stage," Robinson continued. "Yet more and more requests for research are pouring in—what are we to do?"

"We are strangled, absolutely strangled for space."

I spoke next to Lesley Rees, who is Professor of Chemical Endocrinology (glands and hormones), and who runs the endocrinology research lab. She said she and her team worked in an "appalling" converted factory at the back of Barts.

She said, nonetheless, that "spectacular" advances had been made in the treatment of infertility and in identifying and measuring the link between acupuncture and the release of pain-relieving substances by the brain.

The quality of patient care depended, in part, in attracting good young doctors but they



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They also have direct benefit



Photograph by David Jones
Hathor healer: endocrinologist Lesley Rees yesterday.

FINANCIAL NEWS

German merger for R P Martin

By Rosemary Unsworth
R. P. Martin, the money broker, is to merge with Bierbaum, the German money broker. The shares were suspended on Monday at 184p putting a market capitalization of £7.5m on the group.
The merger, subject to shareholders' approval, involves the purchase of a 55 per cent stake in Bierbaum by R. P. Martin through the issue of 5.2m new 5p ordinary shares. This would bring the number of issued shares to 9.3m.
The five Bierbaum partners, who will join the R. P. Martin board, will then hold 62 per cent of Martin's equity, including the 15 per cent they already own. They originally bought a 29.9 per cent stake in concert with Mr Thomas Whyte, former chairman of Triumph Investment Trust, and Mr Gunter Kreisel, a German industrialist. But merger talks which were taking place broke down in January when R. P. Martin resisted Mr Whyte's involvement.
On Monday Bierbaum and Mr Whyte announced that they were no longer acting in concert.
Within the next 12 months Bierbaum will place 1m of R. P. Martin's shares and reduce its holding to about 51.7 per cent.
This will help the Bierbaum partners to provide a cash contribution to the combined group of about £800,000 so that their share of the equity corresponds to their earnings contribution and net assets.
The merger will also remove unlimited liability from the Bierbaum partnership.
When the merger is complete, Mr Whyte and Mr Kreisel's combined holding will be reduced from 7.45 per cent to 3.3 per cent, and the present R. P. Martin board and associates will hold about 10 per cent, with Touche Renmant holding another 10 per cent.

Berisford bid expected next week

By Michael Prest
Commodities Correspondent
British Sugar Corporation is bracing itself for a renewed bid from S & W Berisford, the commodity traders, at the beginning of next week. Yesterday BSC issued a statement reiterating its belief that a takeover by Berisford would be bad for its customers, employees and shareholders, and for sugar beet farmers.
The statement caused some selling of BSC shares in the stock market and the price fell 5p to 385p. But it is understood that BSC is expecting a bid of about 330p a share, the level that has been mentioned in the market.
BSC considers this price too low. In yesterday's statement the corporation said that the narrow criteria of public interest on which the Monopolies and Mergers Commission was required to make a decision would not be the same as those by which shareholders should judge the matter.
Sir Gerald Thorley, chairman of BSC, said that the commission had identified some adverse effects of a takeover by Berisford and that no criticisms had been made of BSC. But over the last few days Berisford has been clearing the decks for a bid. The company is believed to have met Mrs Sally Oppenheim, Minister for Consumer Affairs, to discuss the conditions for a bid laid down in the commission's report.
These conditions are that BSC be preserved as a separate operating unit reporting as much information in the Berisford annual report as it had in its present form and that Berisford cease trading sugar produced by Tate & Lyle.

Graylaw in £4m sale to Westminster Property

By Peter Wainwright
Westminster Property Group, where Marchwiel has a 13 per cent stake, is buying twelve properties from Graylaw Holdings, for £3.8m. They are independently valued at £4.07m. The contract depends on ordinary shareholders in Westminster agreeing at an extraordinary general meeting in three weeks time.
The majority shareholder in Graylaw is Mr Victor Gray who is also a director of Westminster. Mr Stanley Grafton is also on both boards. Mr Robert Rowan is a director of Westminster and is Graylaw's company secretary. So they took no part in the negotiations and they will abstain from voting at the meeting in respect of 5.8 per cent of the issued capital.
The rest of the board was advised on the properties by Jones Lang Wootton, and on the overall deal by County Bank. The portfolio consists of five developed properties to be held for investment, three being developed, and four to be held for development.

Stock markets

Hectic buying in recovery shares

The view that the recession is over was the trigger for a fresh burst of institution buying yesterday. Prices broadly advanced in most leading equities and particularly strong demand saw shares in the engineering sector moving ahead. Dealers reported hectic buying in recovery stocks.
But the opening was cautious until a batch of good company results, particularly in the insurance sector, started the upward trend.
Optimism extended to hopes of further cut in interest rates generated by the 1 per cent cut in prime rate to 17 per cent at Chase Manhattan.
Many jobs, however, consider the exaggerated price movements as a technical rally. They look for some downturn in the financial year next week. However, for now the FT index continued its upward climb. By noon it was up to 531.5 but it finished the day at 529.8, an increase of 1.7 points from Tuesday's close.
The improvement in sentiment spilled over to gilts where dealers reported firmer opening prices. In long term there were gains of up to £3 to £4 in the morning but after some selling they closed about £1 easier. Conventional, however, are still overwrought after the stout of trading results later this month.
Advanced 6p to 318p, GKN put on 3p to 147p and Tubes added 6p to 212p. Metal Box was 4p higher at 190p and Lucas picked up 9p to 198p. But the higher than expected profits from Reckitt, 3p Colman lifted the shares 22p to 238p.
Persistent demand for second-line recovery stocks in the engineering sector was enough to see broad gains in most shares. The main dividend from Babcock International pushed the price up 10p to 125p. Motus, after a better-than-expected results, added 7p to 130p. Also on figures ADV was up 12p to 250p. B. Elliott rose 16p to 178p. Matthew Hall 8p to 364p. McKee 10p to 120p and Haden Carrier 14p to 272p.
However Weir Group, after the release of reconstruction plans, eased 21p to 231p and Dnppont returned from suspension 4p lower at 8p. On the news of its £10.4m rights issue, Spirax-Sarco held steady at 82p. Bestobell still drew strength from recent figures with a 4p rise to 426p.
The Government's decision to allow private contractors to maintain telephone exchanges stimulated electricals. Telephone Rentals jumped 19p to 310p. GEC was up 10p at 686p and MK rose 8p to 226p.
Results from the four big composite insurance groups pleased the market and dealers reported reasonable turnover. The dividend increase and good profits from Sun Alliance sent shares up 40p to 814p and better-than-expected figures from Guardian Royal Exchange saw a rise of 8p to 348p. Phoenix Assurance gathered 4p to 276p and Legal & General, after the disappointing results from Prudential last week, rose 6p to 246p.
The banking sector held steady despite the shadows of the pay dispute. Barclays closed unchanged at 333p. N. 356p. Midland added 2p to 330p. Royal Bank of Scotland was down 1p at 137p.
In a firm property Peachey gained another 16p still in response to Tuesday's M&P 1p to 245p and Ham "A" advanced 5p to Land Securities was up at 427p.
Encouraging reports for annual meeting of Pleas this week boosted shares 250p. Others in the sector did well with H Travel moving 12p up to 188p and on the t. and Saga Holidays rising 300p.
Thin trading conditions Chapman & Co (Ballan) to 161p and motor distri added Godfrey Davis up 6p. Looking ahead to figure this month Rowntree rose to 188p and on the t. nuclear contracts H Group was 3p firmer at Good trading results Macfarlane saw a 4p rise and Phicom was also up, 36p. On better profits added 6p to 175p.
Submarine attracted buyers and Inch Kenneth 14p to 215p.
Equity turnover on Ma was £164.45m (30,599 bars). Active stock according to the Telegraph was S&P, GEC, Plessey, De L. RTZ, Eeecham, Cons Ismo, Turner & Newall I.C. Gas, B2, Charterhall, A. Marks & Spencer, en. Food and Tricelot. Traded options: A dov in activity saw total call fall from 2,435 to 1,589. sought after were GEC contracts followed by Gold Fields with P & O 2.2.
Traditional options saw made in ICL, Amalgamate filled Products, Intervio Grindlays Holdings doubles were completed 1 Dunlop and Premier.

Guardian Royal Exchange Assurance

Results for 1980

Subject to audit the results of Guardian Royal Exchange Assurance Limited for the year ended 31st December, 1980 are as follows:

	1980	1979
Investment Income	£m	£m
Less Interest Payable	99.0	90.3
	9.6	7.9
	89.4	82.4
Underwriting Results		
Short-term (Fire, Accident and Marine)	(10.6)	(13.6)
Long-term	8.3	7.0
	(2.3)	(6.6)
Profit before taxation	87.1	75.8
Less taxation	34.9	33.3
Profit for year after taxation	52.2	42.5
Less Preference dividend and Minority Interests	1.7	1.7
Profit for year after taxation available to Ordinary shareholders	50.5	40.8
Ordinary Dividends		
Interim 6.0p per share	7.5	6.3
Proposed Final 9.5p per share	12.0	10.7
Total 15.5p per share (1979: 13.5p)	19.5	17.0
Profit transferred to Retained Profits	£31.0m	£23.8m
Earnings per Ordinary share (after taxation)	40.1p	32.4p

Results by Territories (before taxation)

	Net Premiums	1980 Underwriting	Investment Income	Net Premiums	1979 Underwriting	Investment Income
	£m	£m	£m	£m	£m	£m
Australia	29.5	(1.8)	4.9	25.5	(0.1)	4.7
Canada	49.0	(2.6)	5.0	47.3	(1.9)	4.8
Germany	113.5	(5.2)	12.6	130.1	(5.4)	14.1
U.S.A.	45.9	2.3	5.0	20.9	0.7	3.1
U.K.*	324.4	7.0	41.0	275.2	—	35.6
Other Territories**	164.0	(10.3)	20.9	161.7	(6.9)	20.1
	726.3	(10.6)	89.4	660.7	(13.6)	82.4

* Includes Marine and Overseas risks written in the United Kingdom
** Includes Reinsurance and Republic of Ireland

Exchange Rates	1980	1979	1980	1979
	Australia	Germany	Australia	Germany
	2.03	2.01	4.70	3.83
	2.85	2.59	2.39	2.22

The above results include for the first time the figures for Midwestern Fidelity Corporation in America and since 1st July, 1980 those of Union National South British Insurance Company Limited, this company having merged with our South African subsidiary at that date.

The United Kingdom result was good despite a heavy loss in Marine business, and our recent acquisitions in America had an excellent year.

In Australia and Canada results were poor and the figures do not indicate the severity of our experience in that the reinsurers of our companies there have shared in the bad experience. In other territories we had serious set-backs in certain Overseas Agencies—hurricane "Allen" alone costing £1.5m—and through some inwards reinsurance business.

The result from France improved but still showed a loss of almost £1m. The effect of exchange rate fluctuations was to reduce premium income by £60m and investment income by £8.2m. The latter

also suffered from a sharp drop in the profits of Brosley Property Holdings Limited whose house-building activities were hampered by the current economic difficulties. Profits from the long-term business rose satisfactorily again.

Dividend
The Directors recommend the payment of a final dividend which, with the interim payment made in January 1981, will constitute an increase of 14.8% compared with the dividend paid in respect of the year 1979.

If approved at the Annual General Meeting to be held on 27th May, 1981 a payment at the rate of 9.5p per share (gross equivalent 13.57p) in respect of the final dividend will be made on 3rd July to holders of Ordinary shares whose names appear on the register at 3 p.m. on 8th May, 1981, making with the interim payment in January last, a total of 15.5p (1979: 13.5p) per share (gross equivalent 22.14p; 1979: 19.26p).

It is intended that the period between distributions shall be six months so that the final dividend will be paid early in July following the interim payment in early January.

The Annual Report and Accounts will be posted to shareholders on 30th April, 1981.

Guardian Royal Exchange Assurance

Royal Exchange, London EC3V 3LS

"One of the world's great insurance companies"

Briefly

Bladen and Noakes (Holdings): Mr J. K. Noakes, chairman, says the company is seeking every possible economy in its operations and is quite certain that rest of this year we shall make a further substantial savings. He hopes there will be a marked upturn during second half and this will be rapidly reflected in figures.

Line of credit for Portugal: United Kingdom companies will be able to obtain finance for exports of United Kingdom capital goods and associated services under a new line of credit guaranteed by the Export Credits Guarantee Dept. Loan to Sociedade Financiera Portuguesa (SOFIN) of £9.0m available by N. M. Rothschild and Sons.

William Nash: Turnover for 1980, £12.02m (£11.58m), Pretax profit £101,000 (£79,000). Earnings per share 108.4p. Dividend 14.2p gross (17.1p).

Rosehaugh has contracted to purchase further 24.5 per cent of issued share capital of its subsidiary Tolverne Investment for £585,000. This will increase Rosehaugh's shareholding in Tolverne to 77 per cent. The total consideration of £585,000 will be satisfied by a placing of 183,598 new ordinary shares.

Sater Electrical: Resolution to sanction increase in company's share capital, increased borrowings and purchase of Prestcold Holdings was passed.

BOC International: In connection with acquisition of Software Sciences International in December 1979, a further amount of £2m has become payable as consideration. This is to be satisfied by the issue of 1,696,537 ordinary shares.

P. and J. L. Braine (Hides): In his annual review, Mr James L. Braine, chairman, states that trading considerations deteriorated sharply from end of July and short-term working has been in operation since September. Prospects for 1981 are not encouraging. Demand is being maintained at average level and last three months of 1980 and is unprofitable.

H. Woodward and Son: In his annual review, Mr G. C. Gutteridge, chairman, states that the board is concerned with current year's trading, and having regard to continuing recession and ever increasing overhead costs which are beyond his control, it would be foolish to make any forecast for the current financial year.

Latest results

Int or Pile	£m	Earnings	Div	Pay	Year's
Company	Profit	per share	per share	date	total
Balcock (F)	15.3 (21.7)	3.5 (5.1)	3.5 (5.1)	7/7	15.3 (21.7)
Guardian Royal (F)	87.1 (5.8)	40.1 (32.4)	9.5 (8.5)	3/7	15.3 (13.5)
Hilltons (F)	15.5 (12.2)	13.3 (10.7)	3.4 (3.4)	1/6	4.7 (4.7)
Legal and Gen (F)	27.3 (17.5)	—	6 (5)	—	9 (7.6)
Macfarlane (F)	12.0 (15.9)	20.1 (18.8)	20.1 (18.8)	20/5	7.9 (7.9)
Molins (F)	12.0 (11.1)	8.9 (11.0)	22.5 (27.8)	5/7	10.0 (12.0)
Wm Nash (F)	12.0 (11.5)	0.1 (0.67)	90.0 (108.4)	4/5	—
Philcom (F)	34.0 (33.4)	1.0 (1.12)	0.55 (0.55)	1/1	14.9 (13.3)
Phoenix (F)	32.1 (32.1)	5.9 (4.9)	47.0 (38.2)	10/—	25.0 (22.8)
Provincial Ins (F)	—	53.1 (51.0)	21.7 (22.5)	5/5	8.5 (8.5)
Reckitt & Colman (F)	72.1 (66.4)	41.7 (38.5)	22.5 (12.6)	2/7	4.4 (4.4)
Spirax Sarco (F)	—	69.3 (49.2)	18 (14.5)	6/7	33 (28)
Sun Alliance (F)	163.6 (160.3)	—	—	—	—
Weir (F)	—	—	—	—	—

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.438. Profits are shown pretax and earnings are net. — Adjusted for scrip.

Spirax plans £10.5m rights issue

By Catherine Gunn

Spirax-Sarco, the Cheltenham-based fluid control equipment group, is to raise £10.5m, with one-for-four rights, issued at 145p a share. The money will be used to reduce net group borrowings of £5.25m and to finance expansion here and overseas.

Capital expenditure of £2.25m has been planned for this year alone. In the last two years Spirax-Sarco has spent nearly £7m on fixed assets and acquisitions.

Mr Anthony Brown, the chairman and managing director, said yesterday that the group intended to maintain last year's dividend on the increased capital in 1981, barring "unforeseen circumstances". The Spirax-Sarco's results for the year to December 31 were released yesterday and a 6.28p

gross total dividend was declared. The shares were unchanged at 182p.

Profits before tax in 1980 slipped 6.2 per cent to £6.21m on sales of £41.7m, up from £38.5m. Trading profits were 2.2 per cent higher at £7.38m but interest costs nearly doubled to £1.17m, reflecting the more than doubled year-end net borrowings of £5.25m.

CCA profits were £4.49m. More than half the group's turnover and £3.78m of the £7.38m trading profit were generated overseas. Earnings from abroad were 38 per cent higher than in 1979, and offset a near one-fifth drop in United Kingdom trading profits. The previous year's reorganization of the European side, which provides nearly 30 per cent of the group's business, produced satisfactory advance in those profits, Mr Brown said. The

international division, covering Africa, Asia and Australia, nearly doubled its contribution on a 45 per cent rise in over.

In Britain the reorganization of Drayton Controls, which began in November, is complete. The £2.5m cost has been offset by a 50 per cent increase in sales, after currency losses of £71 and a tax clawback of £84.

Drayton has ceased its trial instrumentation and access control activities, with loss of 34 jobs. Orders intake for control operations has dropped all this year. Though the currency remains depressed, European industry is also suffering from the recession. Brown is not overly gloomy about the future, however, and expects profits in 1981 by eliminating debt servicing.

Delta Group gets £12m from S African sale

By Our Financial Staff

Delta Group, which has been reducing its dependence on metal manufacturing, announced yesterday that it is selling a 50 per cent stake in South African Macdem for around £12m.

Its stake will be split, with 45 per cent going to leading South African corporation Hagie, and the remaining 5 per cent to its United Kingdom partner McKee Brothers, which already owns 50 per cent.

But Delta is retaining a 50 per cent holding in a Macdem subsidiary R. Jackson Holdings, which Delta says is the largest South Africa stockist and distributor of non-ferrous metals and semi-fabricated aluminium and stainless steel.

The £12m sale price is made up of £20.8m in cash plus £0.5m of loans. It represents the approximate book value of the investment, and gives an exit price/earnings ratio of 8.6.

The £12m will be used in the short term to reduce group borrowings, but will eventually

be used for investment in new growth areas.

Delta says that the sale is in line with its policy of reducing its dependence upon metal fabrication—it dropped the word metal from its name recently—and to give a better geographical balance to the businesses.

It recently sold a metal fabrication plant in Brazil and slimmed down its United Kingdom capacity. It has interests in Australia, the Middle East and the Far East and has increased its investment in the USA with the acquisition of three companies in precision engineering, forging and hot stamping.

A clearer picture of the changing businesses of Delta will be seen when the group produces its annual report in about four weeks' time. Its results for the year to the end of last December are due on April 22.

In 1979 the group made £30.3m pre-tax. At the half way stage profits were down from £14m to £13.4m.

Macfarlane fall to £1.2m as demand slump

By Our Financial Staff

The recession among dealers has meant a tough year for Macfarlane Group (C.I.M.), the whisky packer.

Full-year figures for Glasgow-based group show pre-tax profits slipped from £1.66m to £1.2m on a 10 per cent fall in sales.

In spite of the setback, board is proposing to increase the final dividend from 2.5p to 2.85p, making a 14 per cent increase. The market greeted the news of the increased payment with a 4p rise in the share price to 79p.

Mr Norman Macfarlane, chairman, blamed the set-back on reduced demand for all the group's products, but added that downturn had been particularly bad in the whisky year, which usually makes up 40 per cent of sales. As a result, the group had been forced to undertake some rationalization and cost cutting.

Insurance shares higher on improved results

By Our Financial Staff

Insurance shares received a boost in the stock market with the publication of a crop of results which revealed profit increases ranging from 56 per cent to less than 1 per cent.

Guardian Royal Exchange increased pretax profits by 15 per cent to £87.1m last year, helped by improving profitability in United Kingdom fire and motor insurance business in the second half.

For the full year the group managed to reduce its total general underwriting deficit from £13.6m to £10.6m. United Kingdom business turned in a 57m profit after achieving break-even in the previous year.

German business produced a slightly lower underwriting loss of £5.2m while in Canada the deficit widened to £2.6m and in Australia to £1.8. But helped by the recovery purchase of Midwestern Fidelity the group managed to increase its United States underwriting profits from £70,000 to £2.3m.

The underwriting deficit was offset by a rise from £7m to £8.3m in long-term life profits while net investment income rose by almost £3m to £9.9m, and would have been £8.2m higher but for exchange rate movements, the group says.

The final dividend goes up by 12 per cent to 13.5p, gross, lifting the total for the year by 75 per cent to 22.1p.

Sun Alliance's pretax profits rose by 41 per cent from £49.2m to £69.3m, which was better than most expectations and the shares jumped 42p to a new high of 816p.

General business underwriting losses fell from £26.4m to £18.4m while investment income improved by 16 per cent from £70.3m to £81.5m. Premium income on general business increased by 10 per cent. Excluding the effects of changes in exchange rates, the underlying growth was 16 per cent, and 20 per cent for investment income.

United Kingdom results benefited from the favourable weather conditions and personal and commercial property accounts were profitable. But experience in liability and motor accounts remained poor and underwriting losses were also incurred in engineering and reinsurance accounts.

In Europe, underwriting conditions continued to be difficult and, despite an improvement in The Netherlands, most territories produced increased losses. Although in the United States there were better results from the main property and casualty classes, Canada showed underwriting losses in all classes. In Australia the jump in underwriting loss was attributable to the workers' compensation.

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In the United Kingdom loss dipped by a third to 55 and from £4.2m to £2.8m.

Australia. The group's French operations, which were usually a loss, produced a 2m loss, leaving the underwriting loss in the rest of the world virtually static at £3.6m.

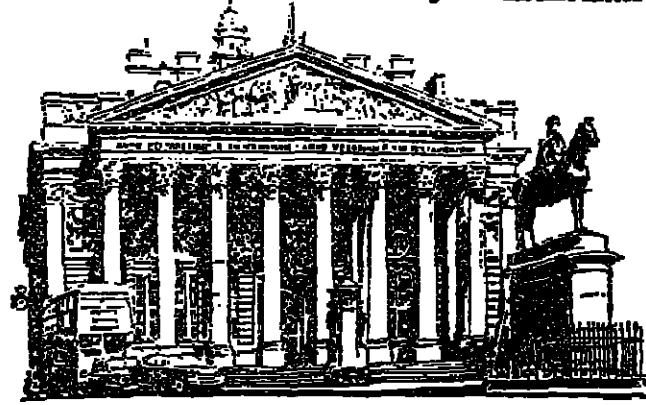
The final dividend rose from 7.14p gross to 8.57p, making total of 12.85p, against 10.85p. The shares rose 4p to 246p.

Phoenix Assurance showed the smallest profits increase with a £100,000 improvement to £32.2m, as underwriting losses bucked the trend shown by the other groups and increased.

None the less the share price increased by 4p to 276p as the dividends rose 12 per cent to 21.3p gross.

The biggest change in the underwriting loss was in marine. United Kingdom companies with a rise from £400,000 to £3.2m. Canada showed a loss against £800,000 and the United States produced £5.5m profit, compared with £1.7m in 1979.

In the United Kingdom the fourth quarter showed a home fire and accident result that was marginally better than the previous year's. The industrial fire account was profitable but household business made a loss, although it picked up towards the year end as a result of increases in more realistic sums insured and because of the mild winter.



Bank Base Rates

ABN Bank	12%
Barclays	12%
BCCI	12%
Consolidated Crds	12%
C. Hoare & Co.	12%
Lloyds Bank	12%
Midland Bank	12%
Nat Westminster	12%
ISB	12%
Williams and Glyn's	12%

ANNUAL GENERAL MEETING

Annual General Meeting of the company will be held on Wednesday, April 29, 1981, at 1.30 p.m. in the boardroom of the company, 27th Floor, 27 Abchurch Lane, London EC4N 3DF. The agenda includes the presentation of the annual report and accounts for 1980, the election of directors and the appointment of auditors.

M. J. H. Nightingale & Co. Limited

1980, 81	Company	Price	Chg	Div	P/E
75	Airsprung Group	67	—	6.7	10.0
50	Armitage & Rhodes	50	—	1.4	2.8
92	Bardon Hill	129	—	9.7	5.1
98	Deborah Services	56	—	5.5	5.7
25	Frank Horsell	106	—	6.4	6.0
10	Frederick Parker	48	—	1.7	3.5
72	George Blair	72	—	3.1	4.3
59	Jackson Group	105	—	6.9	6.5
103	James Burrough	118	—	7.9	6.7
24	Robert Jenkins	325	—	31.3	9.6
50	Scruttons "A"	50kd	—	5.3	10.6
24	Torday Limited	214	—	15.1	7.1
3	Twinkl Ord	10	—	—	—
69	Twinkl 15% ULS	72	—	15.0	20.8
25	Unilock Holdings	46	—	3.0	6.5
81	Walter Alexander	100	—	5.7	5.7
181	W. S. Yeates	260	—	13.1	5.0

FINANCIAL NEWS

PUC-Ben Williams merger called off

The reverse takeover by Leatherhead-based private group Practical Uniform Co. of quoted clothing maker Ben Williams & Co is off for the time being.

Williams's shares were suspended on December 23 at 32p pending an announcement which came in February. The announcement said that Williams was buying hotel and catering chainmaker P. Denny from PUC for £20,000 cash and 1.8m shares. That would have given PUC control of about 69.3 per cent of Williams.

But yesterday Williams announced that owing to difficulties in implementing the plans, the acquisition was being abandoned. Although no formal explanation has been made, it is understood that there have been difficulties over the financial arrangements of Denny.

However, the two groups say they will continue a close liaison and PUC will pay £50,000 for a 10-year, 10 per cent convertible loanstock. On conversion — at any time during the life of the loan — it will give PUC 34.57 per cent of the shares and 29.4 per cent of the votes.

Increased costs and slack demand depress Molins

Molins, the cigarette machinery and paper and packaging group, said that reduced demand and increased costs pushed down profits last year by 19 per cent.

Pretax profits slipped from £11m to £8.5m in the 12 months to December 31, the second year running that the group's earnings have fallen. It said that 1981 profits would also be reduced.

Turnover rose from £11m to £12.2m and most of the improvement was from volume, rather than price, increases. But all the divisions were adversely affected by the strength of sterling as 80 per cent of Molins's turnover goes overseas.

Paper and packaging, where sales fell from £3.7m in 1979 to £3.2m, produced a trading loss of £1.3m after the previous year's £800,000 profit. The loss was mainly attributable to Masson Scott Engineering and includes £200,000 of reorganization and redundancy costs.

In tobacco machinery the capital operation also cost £500,000 in redundancies as 200 employees left and the first half profits will also be depressed by further rationalization costs of around £700,000 at the plant which is now almost completely streamlined.

Tobacco machinery operations improved sales from £75.5m to £90.9m while trading profits showed a small increase from £11.7m to £12.1m. Most of the rise was the result of improved overseas profits, including better results from the United States and Brazil.

The group said that the tobacco industry was still growing, by about 3 per cent a year worldwide and its progress in the United States, where it is launching new products this year, is a reflection of that comparative strength.

Molins's gearing dipped from 18.7 per cent to 12.6 per cent last year as it paid off about £1.25m of long-term borrowings. But increased interest rates, and a rise in short-term loans pushed interest charges up from £1.5m to £1.9m.

The final dividend has been maintained at 8.4p gross, making the same total of 11.38p as the previous year. BAT Industries and Imperial Group each hold a 23.5 per cent stake in Molins. The shares strengthened 6p to a new high of 129p after the news.

Robertson board to sell shares in market

After Monday's statement that Avanta group's offer for Robertson Foods had been declared unconditional as to acceptance, Robertson's directors are advising shareholders to accept the Avanta offer and sell their shares in the market.

They feel it would not be appropriate for holders to remain as minority holders in Robertson. For their part the directors are selling their shares in the market.

Hiltons Footwear Falls to £1m

As feared at the half-way stage, Leicester-based Hiltons Footwear suffered a drop in results in 1980-81. In the year to January 30, 1981, pretax profits fell to £1m, compared with £1.56m in the previous 12 months. Turnover expanded from £13.1m to £13.46m. On a CCA basis, the year's pretax profit is £425,000, against £1.12m. The total dividend, gross, is unchanged at 6.74p.

Provincial Insurance profit nears £6m

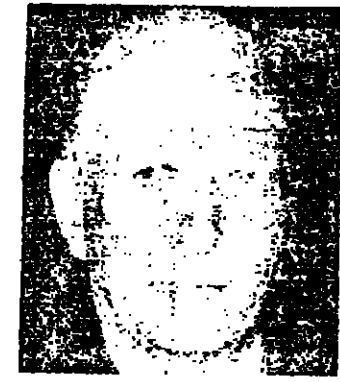
Provincial Insurance reports a pretax profit for 1980 at £5.55m against £4.97m. Earnings a share rose from 38.24p to 47.01p. Shareholders are to receive a dividend of 35.7p gross against 32.6p.

The board considers that the profit is reasonable in view of the difficult market conditions experienced, particularly during the second half of the year.

Scotcos expands in France

Scotcos, the Glasgow-based packaging, food and engineering group, has completed, through its French Company, Scotcos Group Industrie, the purchase of a 3,500 square metre factory, together with 14,000 square metres of additional vacant land, at Mar-saureux, near Paris.

This investment, costing over £200,000, will provide extra production capacity which will enable Scotcos' French companies to increase their sales of the bottling industry. In 1980 sales of specialized bottling machinery in Europe and North Africa exceeded £1.25m.



Sir Harry Moore, chairman of Molins.

Olivetti profits more than doubled

From John Earle Rome, April 1

Olivetti, Europe's leading manufacturer of electronic office equipment, has announced net profits for 1980 of £21,000m, more than double the £10,500m of 1979. The dividend on ordinary and preferred shares is raised from 100 to 140 lire.

The results mark a further consolidation of recovery since Signor Carlo Benedetti took over as chief executive three years ago. He has followed an

International

aggressive policy which has brought a link with Saint Gobain Pont a Mousson of France, the takeover of Hermès of Switzerland, and the purchase into several North American electronic companies. The workforce has been trimmed to 3,500 from nearly 7,000 in 1975.

Gross earnings before tax and depreciation, have risen from £10,500m in 1975 to £21,000m in 1980. Net indebtedness of the company, which is based at Ivrea in Piedmont, was £15,000m in 1975 and £10,000m in 1980.

The board announced that company turnover in 1980 was up 22.1 per cent, and group turnover up 17.7 per cent.



BUILDING PRODUCTS HEAT EXCHANGE FLUID POWER
GENERAL ENGINEERING FASTENERS REFINED & WROUGHT METALS

Our strength lies in the diversity of the products we make and the markets we serve

IMI's rights issue announced in March will raise £275 million

Sir Michael Clapham, Chairman, reporting a creditable performance in 1980, says:

"Perhaps when 1980 and 1981 are looked back on in future years, companies' performance will be judged not so much by their annual profit figures, important as they are, as by the use they made of the changed industrial environment to adapt themselves to survive and prosper in the harsher and more competitive UK and world market situation to come. I wrote last year that we must not be too impatient, and I fear that the rate of change of work practices, productivity and product ranges,

Capital expenditure by product areas	£million	1979	1980
Building products	3.2	4.3	4.2
Heat exchange	3.0	3.1	2.4
Fluid power	2.3	2.3	1.1
General engineering	4.9	6.3	5.8
Fasteners	2.7	1.1	2.2
Refined and wrought metals	4.5	8.2	8.6
	17.8		

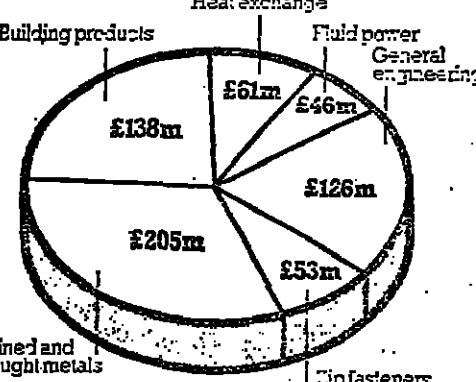
necessary if manufacturing industry is to preserve profitability with a strong pound in a world of recession, has indeed turned out to be beyond our complete achievement. But we are making real and significant progress and are determined to maintain the momentum of our improvement."

Summary of Results

	1980 £'000	1979 £'000
Sales to external customers	628,582	611,977
Profit before taxation	28,240	34,536
Earnings applicable to shareholders	23,492	29,366
Total assets	284,506	281,499
Earnings per share (excluding extraordinary items)	10.8p	15.7p
Dividend per share	4.5p	4.4p

Sir Michael adds: "Maintenance of our 1980 profit performance will depend on some recovery of volume in the second half of 1981, and it is difficult to predict with confidence that this will occur. Nevertheless, unless the present depression deepens even further or unforeseen circumstances arise, we propose to maintain in 1981 the rate of dividend recommended for 1980. I am convinced that IMI has

Sales by product areas 1980



the resources of management, plant and products in diversified but inter-related business areas to prosper as UK industry recovers from its present difficult position."

The Annual Report has a comprehensive survey of IMI's activities. Send for a copy to the Secretary, IMI Limited, PO Box 216, Birmingham B6 7BA.

IMI
means more than metal

Putting the sparkle in diamond prices

So depressed is the diamond market at the moment that last week the Central Selling Organisation was obliged, for the third successive month, sharply to cut the number of stones offered at its sight. It is partly because of this action some members of the trade now believe that the summer could see a sudden recovery in prices.

Diamond prices are notoriously difficult to trace. Since each stone is unique, and in the case of gem diamonds is greatly dependent upon the cutter's skill to bring out its full value, comparing like with like is almost impossible. Moreover, there is no market in the sense that one can trade copper or wheat at a quoted price.

That said, prices obviously do fluctuate and nobody would deny that business has been quite bad over the last six months, if not longer. The price of that ideal being—the Platonic diamond so to speak—known in the trade as a one carat, top-grade D-flawless, has slumped to around \$35,000 compared with up to twice as much a year ago. Prices of higher stones have fallen relatively more.

The importance of the D-flawless is that it is an investment vehicle. Its quality, availability, popular properties and price make the stone an indicator of sorts for one of the most active and price-sensitive sectors of the market. Record interest rates, the general recession, and the speculation which drove prices to unprecedented levels at the end of 1979 caused sales to collapse last year. That is why the CSO stepped in.

The CSO is almost as mysterious as the rest of the diamond business. It is not so much a company as a state of mind. The CSO is without legal status as a body—and eschews in these enlightened times its original sobriquet of the "syndicate".

It started life in the 1930s at the instigation of Sir Ernest Oppenheimer, father of Mr Harry Oppenheimer, the present chairman of De Beers. His idea was that the world's dis-

Mining

mond producers, of which then as now De Beers was by far the most important, should join together in marketing stones during the great depression, rather than cut each other's throats.

Since then the CSO has been a decisive factor in the market. Although merchants have their horror stories about what happens to those who refuse the CSO's offers, there are times when its intervention to smooth the market is welcomed. So far as can be determined, this is one such occasion.

In retrospect, merchants also accept that the drastic action taken in 1978 to cool speculation was necessary, even if some of their confrères were driven to the wall.

The same time, of course, is to put a floor under prices rather than a ceiling above them. Trade sources indicate that during the first three months of this year Israeli cutters had their allocation of diamonds cut by 85 per cent, while cautious to Antwerp cutters were down by 65 per cent and those in New York by 60 per cent. This is much the most savage action the CSO has taken to support diamond prices for many years.

So why the optimism that prices may bounce up again? The first reason is that investment stones have reached sensible prices and that cutters, after running down their stocks, will soon have to start rebuilding them.

A second reason is lower and possibly falling interest rates. If the industrial recession does not deepen internationally, diamond prices are unlikely to decline further. The CSO managers are faced with the delicate task of putting just enough stones onto the market at the next sight to encourage reflation.

Michael Prest
Mining Correspondent

Business appointments

New chairman for Alcan

Mr I. Sachowsky has been nominated chairman of Alcan Aluminium (UK) to succeed Mr D. A. Pina, who will remain on the board.

Mr Hugh W. Laughland has succeeded Mr Peter Ryle as chairman of Rest Assured. Mr Laughland, who is also chairman of four other companies in the Tilling group, is the former chief executive of Scottish and Universal Investments (now a part of Lonrho) and a former managing director of Scottish Aviation.

Mr W. C. Irving has been made managing director of TI Markland.

Dr J. Stewart is now managing director of the Pigments Division of Ciba-Geigy Plastics and Additives.

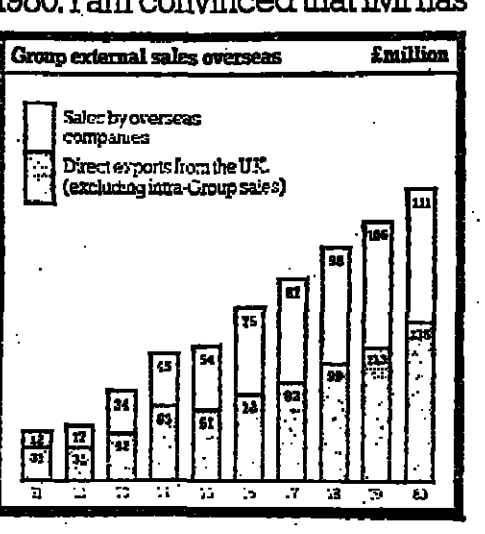
Mr Jack Tatlock, director, Reprocessing Division of British Nuclear Fuels has taken over the new post of assistant managing director. In his new role Mr Tat-

lock will retain overall responsibility for the Reprocessing Division. Mr Roy Pilling, at present general manager of the north west area, joins the board as director, operations, Reprocessing Division.

Mr Robert A. Cherack has been made general manager of the London Branch of First National Bank of Dallas.

Mr E. J. Worlidge has joined the boards of British-American Tobacco Company and British-American Cosmetics. Following on retirement of Mr T. E. Davies to Mr R. Rickman will assume board responsibility for the legal and secretarial functions. Mr Rickman has also joined the board of British-American Tobacco Company.

Mr Olive Thornton, chief general manager of Abbe National Building Society, is the new chairman of the Metropolitan Association of Building Societies.



PHOENIX ASSURANCE COMPANY LIMITED

PRELIMINARY PROFIT STATEMENT

The following are the preliminary results of the Phoenix group of companies for the year ended 31st December 1980, subject to audit, together with the audited results for the year 1979.

	1980 £m	1979 £m
PREMIUM INCOME		
General	375.2	355.9
Long-term	108.9	97.8
	484.1	453.7
PROFIT AND LOSS ACCOUNT		
Investment income	49.8	45.3
Underwriting results:		
General	-20.6	-14.1
Long-term	4.5	3.1
	33.7	34.3
Less expenses not charged to other accounts	1.5	2.2
PROFIT BEFORE TAXATION	32.2	32.1
Less: Taxation	12.1	11.4
Minority interests	3.3	2.3
NET PROFIT	16.8	18.4
Less: Dividends	9.0	8.0
Net profit retained	7.8	10.4
Earnings per share	27.8p	30.4p

Despite continuing adverse underwriting conditions in most major markets, with worsening trends in North America and Australia, pre-tax profits were maintained at £32.2 million (£32.1 million in 1979). The strength of sterling in relation to overseas currencies again distorted comparisons. For example, US dollar transactions are converted at the rate of £2.39 for the year 1980 compared with £2.22 for 1979. After adjustment for currency fluctuations general premium income was 13% higher (5% unadjusted) and investment income advanced by 18% (10% unadjusted).

SOLVENCY MARGIN
At 31st December 1980 group net assets amounted to 65% (1979 55%) of general premium income.

UNDERWRITING

The geographical distribution of the general business is as follows:

	Premiums written 1980 £m	1979 £m	Underwriting balance 1980 £m	1979 £m
United Kingdom and Ireland:				
Home fire and accident	147.0	122.6	-6.5	-6.7
Reinsurance subsidiaries	15.7	17.1	-0.8	-1.1
Marine - UK companies	18.5	20.5	-3.0	-0.4
Aviation - UK companies	3.6	2.4	0.4	0.4
	184.8	162.6	-9.9	-7.8
Europe:				
United States	68.0	70.3	-2.1	-3.4
Canada	62.8	63.5	-5.8	-1.7
Elsewhere overseas	17.5	19.0	-1.5	-0.8
	42.1	38.5	-1.3	-0.4
	375.2	355.9	-20.6	-14.1

In the United Kingdom, more favourable experience in the fourth quarter contributed to a home fire & accident result marginally better than that for the previous year. The industrial fire account was profitable. Household business made a loss but improved towards the year end as a result of rating increases, more realistic sums insured and a mild winter. The cost of damage repairs and high personal injury awards contributed to a loss in motor. The marine result reflects the 1978 underwriting year now closed but includes provision to meet exceptionally heavy claims exposure in the underwriting year 1979 yet to be closed.

In the United States, despite inflation and increased frequency of claims, competitive pressures kept rates at inadequate levels. There is little indication of relief in 1981. The operating ratio deteriorated from 101.6 in 1979 to 107.9 in 1980. Similar features are in evidence in Canada and have resulted in heavy losses for the industry as a whole.

In Australia where trading conditions remain difficult a substantial loss was recorded. Results for Belgium and the Netherlands show a welcome improvement but in Spain, after a more encouraging trend in 1979, the outcome for 1980 was disappointing. Denmark is again earning good profits.

The life department has made an excellent contribution to the year's results. Growth has been maintained despite the general economic conditions and new sums assured exceeded £2,700 million (£2,000 million in 1979).

DIVIDEND
The directors recommend a final dividend of 8.4p (1979 7.5p) per share at a cost of £5.1m (1979 £4.5m) to be paid on 1st July 1981 to members on the register at the close of business on 1st June 1981. With the interim dividend of 6.5p already paid this represents a 12% increase over the dividends declared for 1979.

ANNUAL GENERAL MEETING
The annual general meeting will be held on Wednesday, 27th May 1981 at 12 noon. The Report to shareholders will be issued on 1st May.

Commodities

[illegible]

per cent; unquoted, US hard
13 $\frac{1}{2}$ per cent; April, £104.
£103.50; June, £104.50 trans-
acti. comm. EEC, unquoted.

[illegible]

ICO Group proposal on indicator prices

The International Coffee Organisation (ICO) Working Group on indicator prices has finalized details of its proposal that the ICO should replace the 1976 composite indicator with one which currently triggers export quotas, with the 1979 composite indicator, to be effective from October 1, 1981. ICO delegates reported in London yesterday.

The 1979 indicator is more widely based since it takes into account market prices in Europe as well as New York.

The Indicator Group has also agreed to recommend that the ICO establish a committee to study the possibility of introducing selective indicator prices, under which each group of coffees would have its own indicator price.

The Working Group would report on its progress at the ICO meeting in London in August or September.

Both composite indicators prefer only to Robusta and other minor coffees, whereas under a selective system unwashed Arabicas (Brazilian) and Colombian would also have their own indicator price.

Eurosyndicat

The Eurosyndicat Index on European share prices was put provisionally at 152.03 on March 31 against 151.55 a week earlier.

Discount

Very comfortable credit conditions prevailed in the discount market yesterday. Money was plentiful, and the Federal Reserve Bank of England eventually chose to mop up the surplus via sales of a moderate amount of Treasury bills and government houses. Funds in some volume answered to early bids of 11 1/2 per cent. Closing balances of Treasury bills in a band of 10 1/2 to 10 3/4 per cent. The final hour, as operators took profits and covered overnight positions, General Government bond trading was modest and in a narrow range throughout.

Chase Manhattan's prime rates cut to 17 per cent. and other major banks, had little effect.

The pound closed about 50 pence lower at £2.2390 (\$2.4445), after extremes of \$2.2450 and \$2.2365 after a routine business.

Foreign exchange report

Earlier for most of yesterday, the dollar took a firmer line in the final hour, as operators took profits and covered oversold positions. However, the dollar's trading was modest and in a narrow range throughout.

Chase Manhattan's prime rate cut to 17 1/2 percent, into the range of other major banks, had little effect.

The pound closed about 50 points lower at \$2.3390 (\$2.3445) against the dollar, down from \$2.3245 and \$2.3265 after a routine business.

Its trade-weighted average index proved marginally up to 100.10 (100.1). However, falls were recorded against the mark, down to 1,710 (1,725), the Swiss franc, 4,303 (4,315), and the French franc, 11,113 (11,140).

Up to 2,050 early, the market finally relaxed to 2,104-1/2 after changing on Tuesday night's 2,105 against the dollar.

The French reacted from a one-time 4,935 to 4,967-25 down 75 points on balance.

Wall Street

New York, April 1.—The New York stock market rose in active trading as the prime rate resumed its downward course. The banking industry moved to a uniform prime rate of 17 per cent.

The Dow Jones industrial average gained 10.27 points, 1,014.14 after rising nearly 10 points yesterday. Advances declined three to two as volume expanded to 55,000,000 shares, 55,000,000 yesterday.

Sterling: Spot and Forward

	Market rates (day's range)	Market rates (close)	1 month	2 months
New York	April 1	April 1	0.20-30c disc	1.00-1.10c disc
Montreal	39,640-2455	39,685-2300	1.25-1.50c disc	1.25-1.50c disc
Amsterdam	39,640-2455	39,685-2455	1.25-1.50c disc	1.25-1.50c disc
Brussels	15,687-7.3M	15,687-7.3M	1.25-1.50c disc	1.25-1.50c disc
Copenhagen	14,76-83c	14,715-25c	1.25-1.50c disc	1.25-1.50c disc
Dublin	12,615-2850p	12,615-2850p	1.25-1.50c disc	1.25-1.50c disc
Frankfurt	4,41-72m	4,41-72m	1.25-1.50c disc	1.25-1.50c disc
Lisbon	126.40-127.32c	126.40-127c	1.25-1.50c disc	1.25-1.50c disc
Madrid	126.40-127.32c	126.40-127c	1.25-1.50c disc	1.25-1.50c disc
Oslo	2340-47c	2344-46 1/2c	1.25-1.50c disc	1.25-1.50c disc
Paris	12.02-06k	12.04-06k	1.25-1.50c disc	1.25-1.50c disc
Stockholm	12.02-06k	12.04-06k	1.25-1.50c disc	1.25-1.50c disc
Tokyo	12.02-06k	12.04-06k	1.25-1.50c disc	1.25-1.50c disc
Zurich	472.77-28c	474c-79c	1.25-1.50c disc	1.25-1.50c disc
	4,272-31 1/2c	4,272-31 1/2c	1.25-1.50c disc	1.25-1.50c disc
			1.25-1.50c disc	1.25-1.50c disc

EXCHANGE RATES: RATE COMPARED TO 1975 WAS UP 8.1% AT 100.25.

Effective exchange rate compared to 1975 was up 8.1% at 100.2%.

Other Markets

Australia	1.9180-1.9330
Bahrain	0.8430-0.8660
Finland	9.0775-9.1175
Greece	113.25-115.25
Hongkong	11.8295-11.8695
Iran	Not available
Kuwait	0.6130-0.6160
Malaysia	5.0865-5.1165
Mexico	52.40-53.90
New Zealand	2.4340-2.4540
Saudi Arabia	7.4855-7.5155
Singapore	4.8530-4.8830
South Africa	1.7845-1.7995

Indices

	Bank of England Index	Morgan Guaranty Changes %
Sterling	100.2	-26.2
US dollar	100.0	-4.3
Canadian dollar	88.0	-17.3
Schilling	116.9	+22.7
Belgian franc	108.1	+9.3
Danish kroner	89.8	-10.3
Deutsche mark	121.6	+41.5
Swiss franc	135.6	+75.0
Guilder	112.9	+15.5
French franc	87.2	-9.8
Lira	59.7	-55.0
Yen	143.3	+38.9

Based on trade-weighted changes

Dollar Spot

Rates

* Ireland	1.7320-1.7340
† Canada	1.1831-1.1834
Netherlands	2.3230-2.3245
Belgium	34.44-34.46
Denmark	6.6100-6.6150
West Germany	2.1040-2.1050
Portugal	56.53-56.63
Spain	85.02-85.07
Italy	1047-1048
Norway	5.3700-5.3730
France	4.9920-4.9700
Sweden	4.5850-5.5900
Japan	212.05-212.25

Money Market Rates

Bank of England MLR 12%
(Last changed 10/3/81)
Clearing Banks Base Rate 12%
Discount Mkt Loans%
Overnight: High 11% Low 10%
Week Fixed: 12
Treasury Bills (Dis%)
Buying Selling

EMS Currency Rates

	ECU against rates	currency against ECU	% change from central rate†	% change adjusted†	divergence limit ± plus/minus
Belgian franc	40.7985	41.5477	+1.84	+1.83	1.53
Danish krone	7.51917	7.98933	+0.88	+1.86	1.64
German D-mark	2.54502	2.53618	-0.36	-0.36	1.14
French franc	5.98276	5.98536	-0.17	-0.18	1.365
Dutch guilder	2.61318	2.61060	-0.08	-0.09	1.515
Italian punt	0.685145	0.695253	+1.48	+1.47	1.695
Irish lira	1.262.92	1.265.28	+0.19	+0.18	4.11

† changes are for the ECU therefore positive change denotes weak currency.
* adjusted for sterling's weight in the ECU, and for the lira's wider divergence limits.
Adjustment calculated by The Times.

Euro-\$ Deposits Gold

(%) calls, 13 $\frac{1}{2}$ -14 $\frac{1}{2}$; seven days, 13 $\frac{1}{2}$ -14 $\frac{1}{2}$; one month, 13 $\frac{1}{2}$ -13 $\frac{1}{2}$; three months, 14-14 $\frac{1}{2}$; six months, 14-14 $\frac{1}{2}$.

urn, \$516.75 (an ounce of
close, \$517.50.
(per coin): \$539
238.00).
new): 5129-131 (\$57.50)

Authorized Units, Insurance & Offshore Funds

[illegible]

